

May 8, 2008



TRANSCRIPT
May 8, 2008

MONTGOMERY COUNTY COUNCIL

PRESENT

Councilmember Michael Knapp, President
Councilmember Roger Berliner
Councilmember Valerie Ervin
Councilmember George Leventhal

Councilmember Phil Andrews, Vice-President
Councilmember Marc Elrich
Councilmember Nancy Floreen
Councilmember Duchy Trachtenberg



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1 Council President Knapp,

2 Okay. Good morning everyone. I apologize for our tardiness. We are all here finally and
3 we are beginning with four items that we moved from yesterday because the session
4 went a little long so we are starting first with yesterday's number 4. CIP adjustment for
5 the Integrated Justice Information System, Public Safety Communication System
6 upgrade and I turn to the Public Safety Committee Chair Vice-President Andrews to
7 lead us through that discussion.

8
9 Councilmember Andrews,

10 Thank you, President Knapp. Good to see everybody. The Integrated Justice
11 Information System is one of our most important technological initiatives in recent years
12 and it's been very successful thus far and we want to ensure that it does keep going.
13 This is a recommendation that came out of a joint worksession of the Public Safety and
14 Management and Fiscal Policy Committee and we were joined at that meeting and
15 previous meeting by Dr. Costis Torgas who is the Council's advisor and lead staff
16 person on this issue. And I want to ask him to describe the recommendation that he
17 proposed and that the Committee accepted regarding the showing the funding for these
18 projects in the next few years and in the budget. So, Dr. Torgas.

19
20 Costis Torgas,

21 Thank you very much.

22
23 Councilmember Andrews,

24 Actually, before you start, let's have everybody introduce themselves at the table. We
25 have a full crew.

26
27 John McCarthy,

28 John McCarthy, State's Attorney for Montgomery County. Good morning.

29
30 Steven Emanuel,

31 Good morning, Steve Emanuel, Chief Information Officer for the County.

32
33 Gene Cummins,

34 Gene Cummins, County Radio Engineer.

35
36 Jacqueline Carter,

37 Jacqueline Carter, Manager, Office of Management and Budget.

38
39 Jennifer Bryant,

40 Jennifer Bryant. Office of Management and Budget.

41
42 Bill Feretti,

43 Bill Feretti, Deputy Director 911 Police Communications.



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1 Councilmember Andrews,
2 Good morning, good to see everybody.

3
4 Costis Toregas,
5 On the IJIS item, the joint Committees expressed a very, very strong support for the IJIS
6 project. We heard from the stakeholders of that project and I think all members of the
7 two Committees are very supportive of the project. What was before the Committee was
8 to add an additional \$2,286,000 of appropriation authority for projects yet to come on
9 line for the project. And after thorough analysis, and after reviewing materials that were
10 presented by the administration, the decision of the Committee was that we just weren't
11 ready to appropriate these funds. However, we saw the wisdom in having these funds
12 available so that the Committee is recommending that the 2,286,000 be retained on the
13 expenditure schedule but not shown as an appropriation yet. That appropriation would
14 be taken up when the administration was ready with firm numbers and firm estimates for
15 the completion of the IJIS effort.

16
17 Councilmember Andrews,
18 Thank you. We did clarify in the Committee session that the amount that is already
19 appropriated and unexpended is adequate to execute the new contracts that are in the
20 view of the Committees scope properly ready to go and so it will not have any impact on
21 moving forward with what is ready for primetime. That, in essence, is the Committees'
22 recommendation. The Committees also recommended removing the \$300,000 item
23 related to planning for the Circuit Court Management System in FY10 until the
24 requirements cited in the, quote, other section of the PDF for IJIS are met. So, that is
25 the recommendation of the Committees. I don't see any questions here. I will ask Mr.
26 Emanuel if he would like to comment.

27
28 Steven Emanuel,
29 And I will be brief, sir. The IJIS project is a very complex project. It was one of the
30 projects that I was able to come into during my early tenure with the County. It is a very
31 unique effort. It's a very complex effort. It is a sizeable effort. We have a strong
32 leadership group. There are a number of my supporters on the Executive Steering
33 Committee for that project here today to provide on your behalf, at any point, any
34 questions or answers about the validity and the complexity and the urgency of this
35 program. We did, in fact, have a hiatus of time during this project, late in 2007, where
36 we did, in fact, find impediments to the success of this project and as a result of that
37 hiatus, we did actually have a stumbling block relative to getting some of the expected
38 timeframes met as far as some of the pricing and some of the contracts being done. I
39 would say, and I think my colleagues will attest to the fact that over the last three to four
40 months we have had a significant amount of progress on this project. We are seeing
41 some benefits to where it is going and we do believe that we will be able to show in the
42 next few months that we do actually have a good timeline and a good expenditure
43 schedule and good estimates for this program to move forward. And that we will be
44 back at the table to talk to you about that 2.3 million.



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Councilmember Andrews,

Okay. Each of you has taken time out of your day to be here and waited patiently, I will offer you an opportunity to add anything if you would like.

John McCarthy,

I will be equally brief. I would merely say that after waiting about 10 years for a case management system, New Dawn Technologies is literally in the house, been working eight hours a day the last week and they'll be with us through next week going through what are going to be the requirements for the Montgomery County State's Attorney's Case Management System. There are new criminal rules and I think I have been a thorn in the side of a lot of people with this, and they'll laugh when I say it, but I have been a thorn in the side of a lot of people in this project because I constantly say, when do I get my case management system. Because there's new legal requirements that are being placed upon the State's Attorney's office and the State's Attorney's office across Maryland based on new rules. If the police know something, I am charged with that information, whether I know it or not. Therefore, it is absolutely essential that we have this Integrated Management System so that I know what Corrections, the Police, and the Sheriff know because I am charged with that knowledge, whether I have it or not, and may I say this is an essential need that we've had for a very long time. And I want to thank the members of the Committee that I have been working with because I think we have made more progress in the last six months in many ways than we had in maybe the preceding eight years, but we are ready to get up and running in the State's Attorney's office and I want to thank a lot of the people that have been helping me and my office get to that point.

Councilmember Andrews,

Thank you. Okay. Well, as I said at the beginning, this is a crucial project. It's been a project, there has been great cooperation among the Public Safety agencies from the start on this. And it is, you know, well on its way to being implemented. We have received over the years about \$5 million in federal funds for this project, which has been very helpful and we are committed to continuing to implement it as fast as it can be done well. So, I think we are moving along at a good clip and we want to see that it gets fully implemented in the next few years. So thank you very much. I don't see any questions. Oh, no, you're fine? Did you want to add something. No. Fine. Okay.

Council President Knapp,
All right.

Councilmember Andrews,

Well, then, the Council has accepted the Committee recommendation on this issue and we thank you all and now the next part of this is the Public Communications System.

Costis Toregas,



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1 Mr. Andrews, do you want me to give a little quick overview?

2
3 Councilmember Andrews,
4 Yes, please do, I am sorry.

5
6 Costis Toregas,
7 The Public Safety Communications System that came over from the administration on
8 circle 10, requested some \$25 million to continue to refresh and to replace needed
9 radios for our Public Safety men and women. It started off with fiscal year '09 with a
10 \$2.9 million request that is a federal, a combination of two federal grants and then it
11 goes into fiscal year 10, 11, and 12, 13 with additional monies that would be County
12 money. The Committees debated this long and hard and thought about two different
13 things. First of all, the technology of Public Safety Communications is dramatically
14 changing. The experts call for convergence between data streams, voice streams, and
15 video streams all coming to the same device. And just like we see it in the commercial
16 world in banks, in health systems, and others, Public Safety Communications is already
17 beginning to be revolutionized and yet, we continue to do things in stove pipes, in radio
18 systems, and data systems, in video systems, ultimately. So the notion is that we have
19 to start studying the effect of this convergence of technology on two things. One is the
20 capacity and the existence of systems that can safeguard our men and women who are
21 putting their lives on the line every day with reliable and safe communication systems,
22 and secondly, to look at costs. Whether we can, in fact, begin to bring together some of
23 these diverse stove pipes and develop single systems, which have a data, a voice, and
24 a video component. In order to do that we need some studies. And therefore, the
25 Committees recommended that we accept the federal grants which will give us the
26 capacity to continue the replacement program in '09, but not to commit any significant
27 resources in 10 and 11 totaling almost \$25 million until we have a comprehensive study
28 of the impact of the convergence of voice data and video and the existence of brand
29 new technologies and brand new capabilities, some of which the FCC is stimulating,
30 others that the marketplace itself is creating. And in order to do this study, the Council
31 will see a \$450,000 item on your reconciliation list. The good news is the County itself
32 can fund about 72,000 of that from the ITF fund and, again, the MFP Committee has
33 been reviewing the Interagency Technology Fund so we have found some monies to at
34 least start the funding of this effort, and there is another 378,000 that's on the
35 reconciliation list today. I hope the Council would accept this double action to remove 25
36 million from the six year CIP and to add 450,000 of which 72,000 comes from the ITF
37 for fiscal year '09 to give us that study, which in my mind, will not only strengthen our
38 communication system but also perhaps give us a chance to reduce the cost of creating
39 and maintaining a complex Public Safety Communication System.

40
41 Councilmember Andrews,
42 Right.

43
44 Costis Toregas,



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1 That's all I have to say.

2
3 Councilmember Andrews,

4 Thank you. And that's a very good summary of the Committee recommendation on that
5 item. It is crucial that we get this right. It is a huge investment that we will be making as
6 we replace the Public Safety radio system. We want to be at the front end of the
7 technological wave when we get the system so that it is as effective as possible but also
8 lasts as long as possible. And the time in which we do the specs and the time in which
9 we implement it should be as compressed as feasible so that we take advantage of that
10 time to have it in place at a high level, and the most advantageous level to us. There is
11 a lot of potential work that can be done regionally on this. That is one of the issues we
12 discussed. It would be ideal, and we don't know if it can be done, but it would be ideal if
13 this can be approached on a regional basis to move interoperability and convergence
14 forward at the same time and pace and through economies of scale, so there are some
15 things that we hope to be able to do with COG on this. In any event, I believe the
16 Committee has recommended that this is the best approach at this time, and that's
17 before the Council. I will ask Director Emanuel if he would like to comment.

18
19 Steven Emanuel,

20 Again, this is a very complex project. The program of upgrading these radios in the near
21 term is where we need to go in order to maintain interoperability with our County
22 partners that are adjacent to Montgomery County. We have the issue of current
23 maintenance and radios that are in fact expiring relative to their health and we need to
24 replace them. So, this is a multitude of strategies that are converging. We do agree that
25 this is a much more global process. We are in fact partnering with the NCR, Mr.
26 Cummins to my right has in fact been a member of the regional group, and, regional
27 interoperability, so this is a regional strategy relative to how we respond to both the
28 rebanding effort as well as the new bands that are potentially out there for us to use the
29 700 megahertz band. We have partners with our Public Safety group to make sure that
30 we understand where we complement each other. We have multiple complementary
31 projects that have to have interdependabilities in order to create the strategy that you
32 looked that is a cost effective strategy but does not provide any risk to our life safety,
33 because this is a life safety issue as well. So this is a long term project that we believe
34 we can do. We believe that we can find the flexibility to create the interoperability
35 between the multiple systems as well as other agencies as well. And again, you know,
36 we have multiple sources and multiple partners in this and we believe that the strategy
37 is there and we believe that this exercise will help us.

38
39 Councilmember Andrews,

40 Thank you. And I'd say, on the Committees' behalf, we're very impressed with the
41 initiatives that are underway through your leadership, through your Department, and
42 also that we are very appreciative of the expertise that Dr. Toregas brings to this issue
43 before the Council. Let me turn to MFP Chair Trachtenberg.



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1 Councilmember Trachtenberg,
2 Thank you Vice-President Andrews. I would concur with his statements about the
3 excellent support that we've received both from the Department and from Dr. Toregas
4 and I just wanted to speak to the vital need that we do have for such a study and the
5 fact that there are many issues around policy and management, clearly, which exists
6 now but also in the future as we develop a comprehensive system that works for all.

7
8 Councilmember Andrews,
9 Thank you.

10
11 Councilmember Trachtenberg,
12 And I just, again, want to thank my colleague for his summary of the Committees
13 recommendation. Thank you.

14
15 Councilmember Andrews,
16 Okay. No objections to it.

17
18 Council President Knapp,
19 No further questions. Without objection.

20
21 Councilmember Andrews,
22 Very good. Thank you very much.

23
24 Council President Knapp,
25 As we transition from one budget to the next, I just wanted to make the announcement
26 that Councilmember Ervin is a little under the weather today and won't be joining us, so
27 we probably won't see her.

28
29 Councilmember Trachtenberg,
30 Oh.

31
32 Council President Knapp,
33 MFP Committee Chair Trachtenberg.

34
35 Councilmember Trachtenberg,
36 Okay. Thank you, President Knapp. And I believe that we are going to be joined by a
37 few folks for a discussion on the Department of Technology Services. Again, familiar
38 faces to all of us within the Council but also within the Management and Fiscal Policy
39 Committee. I would ask, just for the purpose, formal purposes, for some introductions. I
40 am going to make some brief remarks and turn to Dr. Toregas and Mr. Emanuel for
41 some additional information.

42
43 Steven Emanuel,
44 Steve Emanuel, Chief Information Officer.



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1
2 Mike Knuppel,
3 Morning, Mike Knuppel, Chief Technology Officer.
4

5 Alex Espinosa,
6 Alex Espinosa, Operating Budget Coordinator, OMB.
7

8 Jennifer Bryant,
9 Jennifer Bryant, OMB.
10

11 Councilmember Trachtenberg,
12 Okay. Thank you for being here. The MFP Committee recommendation is to support the
13 Operating Budget of \$32,618,000 for the Department of Technology Services, and
14 obviously, that's the full amount. And part of what we're requesting is the development,
15 again, of a comprehensive strategic plan for the Department which would include a
16 planning component with an exploration of the outside consulting that's been identified.
17 And obviously, the other part of that plan would be the identification of skill sets for our
18 entire work force. And the Committee also asked the Office of Management and Budget
19 to develop some cross departmental and cross agency information regarding IT
20 expenditures. And one of the things we additionally talked about were productivity
21 enhancements and what they could be and how they could be used efficiently. And Dr.
22 Toregas, I was going to ask you to speak a little bit more formally about the strategic
23 plan and some of the conversations that we had about cost reductions and, Steve, what
24 I'd ask you to talk a little bit about are the metrics that you're developing and also the
25 investment that the County has made in a change manager, since that's an integral part
26 of what we need to accomplish as well in terms of an overall strategy. So, let's start with
27 Costis, with Dr. Toregas.
28

29 Costis Toregas,
30 Thank you very much. Technology is a complicated matter. The Department of
31 Technology Services I think is very well served by the senior staff that we have in the
32 Department. The way that the Council can intercede and make sure that technology is
33 in fact supporting your policy initiatives I think is through a strategic plan that has
34 management and policy dimensions as well. This is why the call for a comprehensive
35 strategic plan is vital. The reason that we've pulled out human resources, and MFP
36 Committee members discussed this extensively, is that skill sets are changing. Many of
37 the men and women that we currently have on staff perhaps reflect technology
38 platforms of years past. And the way that we transition those men and women to the
39 new skill sets necessary for the new technologies is vital. I know that Director Emanuel
40 has a long term vision of transitioning the human resource capital that he has under his
41 disposal, and it's significant with a \$31 million budget, to the new skill sets necessary for
42 the technologies of the future. We'll be reviewing Agenda item number 6, the
43 Technology Modernization, some new technologies that will come to the floor. The
44 question of whether we hire new people to support these new technologies or retool the



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1 people we now have is a significant one. Council can only see these kinds of finite
2 issues through the development of a human resource analysis and this is the one that is
3 being called for in this memorandum. The other thing that I wanted to briefly mention is
4 interdepartmental and interagency component. The Management and Fiscal Policy
5 Committee had the pleasure of reviewing a comprehensive report of all tax supported
6 agencies back in April. We were interested to note that more than \$210 million is spent
7 on technology, on IT, across not only Montgomery County government but all the other
8 agencies. This kind of number and a parallel number is more than 880 personnel in IT
9 functions in Departments and agencies of Montgomery County. These kinds of numbers
10 are so significant that we have to be sure that we develop a way to monitor the
11 expenditures being made and to coordinate those expenditures in an efficient way. This
12 is why OMB is being called on to begin to reflect and to organize data for Information
13 Technology expenditures across Departments, because not all IT expenditures are
14 within the DTS budget. We need to have a better handle on organizing the
15 Departmental IT expenditures but also the agency IT expenditures. Those are the two
16 points I wanted to make.

17
18 Councilmember Trachtenberg,
19 Mr. Emanuel.

20
21 Steven Emanuel,
22 Thank you. I will happily address the items that Dr. Torgas has pointed out. The
23 strategic plan, and one of the things that I think we want to really understand and one of
24 the things I've spoken to since the day I started with the County, my vision is not a
25 Departmental strategic plan, it is an enterprise strategic plan. Clearly, in order to have
26 efficiencies, we cannot have Departmental think. I have worked with my Department
27 Director colleagues, letting them understand that my vision is not to impair them but to
28 try and help them, to make them progressive, to look for redundancies, to look for
29 issues where we can in fact have co alignment so that we can create efficiencies. Those
30 efficiencies automatically turn into cost savings. That is the way I have been working as
31 my career as a CIO. We have implemented those type of things in other locations. They
32 do pay for themselves. I do truly believe that when we start looking at a strategic plan
33 we will look at some different thinking on how we want to align the different
34 Departments and agencies and how we construct similarities between those agencies
35 to envelop a plan that meets their needs but also creates the construct for a different
36 methodology of looking at architecture and technology and implementations. Also, you
37 know, Dr. Torgas and I have had informal conversations pretty much on a monthly
38 basis talking about some of the different challenges that I thought we were addressing.
39 We in fact did highlight some clear issues where I believe we need to do some
40 assessments of the Department of Technology as well as technology as a whole for the
41 County. Two of those items we have completed as a prompt from the ERP
42 implementation process. We simply took a look at what our architecture was, what our
43 governance was and said, we don't really know it, so we did a complete inventory of our
44 overall architecture, where we are relative to the business framework and how the



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1 business and technology pull together. We believe that was a very successful effort. We
2 believe it opened a lot of eyes on some things that we're doing and how we can do
3 things better. A second piece of that was creating a complete portfolio analysis,
4 understanding what systems and applications we have out there as a County and, it
5 was very interesting and very surprising to see almost 800 applications that support the
6 business complement within the County. So clearly, those were two initiatives we felt
7 were urgent at the time and knowing clearly that one of the other pieces of the three-
8 legged stool was our staffing and human capital. Dr. Torgas and I have talked and he
9 is well aware that for the last four months we have in fact been putting together a skills
10 inventory assessment that we are going to do internally in DTS, but we want to offer that
11 to all the agencies so that they can understand the technical skillings that are within
12 their grasp today, to understand where the gaps are so we can make some better
13 decisions on both training and where we need to do some better analysis on skills that
14 we don't have within the County that we find that are urgent. That will help us make
15 some better decisions on where we get those skills and resources. We work with
16 Human Resources on, you know, how we can attract skills and people that have the
17 skills that we need. We believe that this is a concerted effort among all the Director
18 colleagues. Relative to our metrics we in fact have put together a Departmental
19 performance plan as a part of the County Executive's initiatives. We believe that we put
20 together metrics that are visible metrics that can be related to by the end consumer,
21 both our constituent population as well as our end customers within the County. Our
22 goal with our metrics is to show those types of information that is meaningful. In the IT
23 we can create a lot of metrics on widgets and mips and thinks like that that don't mean
24 anything to a lot of people so we wanted to have an end result of metrics that meant
25 something to the end user. And that's how we're developing our metric program. We
26 have a number of those metrics and we're still developing those. This is the first year for
27 that plan and we do believe that we will have viable metrics throughout for technology
28 and we'll be looking for other metrics that our constituents and our customers are
29 looking for to understand where we are in technology. Cost savings, again, I spoke to
30 that. As we remove Department think and talk about enterprise think, those cost savings
31 will come. The change manager was a part of the program that is mission critical
32 relative to transitioning organizations to enterprise technologies. This is coming out of
33 our ERP program. The change manager works for the Human Resources Department.
34 This is a vital position because it is going to allow us to create a change methodology, a
35 communications methodology so that the transformation of this organization as we
36 begin to look at enterprise technologies and new solutions will not be a shock to those
37 people that are using it on a day to day basis. That is our complement. The change
38 management process has been one of those touted by many of the technology
39 organizations that do a lot of consulting analysis as one of the most critical pieces to
40 transforming an organization and making a very positive change and a very successful
41 change. We look forward to working with Council. We look forward to working with our
42 customers. And we believe that the DTS budget will provide us sufficient funding to
43 move forward for next year. And as we move forward with technology, again, we will



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1 take every opportunity to look at advantages of combining technologies and synergies
2 so that we can have a more robust solution without a lot of cost.

3
4 Councilmember Trachtenberg,
5 I thank you for that thoughtful response to my request and I also thank Dr. Toregas as
6 well for the information provided on the strategic plan that we are developing at this
7 time. I don't think there are any questions.

8
9 Council President Knapp,
10 There is one.

11
12 Councilmember Trachtenberg,
13 Oh, there is one.

14
15 Council President Knapp,
16 Councilmember Elrich.

17
18 Councilmember Trachtenberg,
19 Councilmember Elrich.

20
21 Councilmember Elrich,
22 I appreciate your answers. I just want to say that I am on the one hand a great believer
23 in technology. I sit around with two cell phones and multiple computers and couldn't
24 imagine me without my e-mail for more than five minutes. So, you know, I understand
25 the importance of what this gives us in the way of the ability to communicate and share
26 information. On the other hand, I always worry that we introduce technology in the name
27 that it's going to make us more efficient and at the end of the day, we have as many
28 employees or more employees than we had before we did this. And you simply
29 substitute out, you know, some line employee in an office for an IT employee
30 maintaining the servers, maintaining this, maintaining that, and at the end of the day,
31 your staffing levels are the same. And I guess, you know, theoretically the Departments
32 are more efficient but to make them more efficient, all the technology support adds up to
33 no net gain in efficiency. And so, I am interested in the discussion about going into
34 Departments and aligning them. I am wondering what authority you have or where is
35 going to be the push on the administrative side to actually do the realignment. I mean, it
36 is one thing for you to go in there and say, you know, with this you should be able to
37 shed this employee or this position. It is another thing to shed that position. It is another
38 thing to get the managers to look at what they are doing and saying we are going to
39 make the line changes that correspond to our ability to use this technology differently. I
40 guess I want to know at the end of the day how you or the administration are actually
41 going to translate potential into reality. I am a firm believer that we have in the next year,
42 we have got to shrink the number of people that it takes us to deliver services. If we
43 don't take advantage of technology and we simply layer you on and replace high priced
44 tech people for line workers then we are no better off than we are today except we have



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1 got nicer toys. I would probably appreciate the toys but, you know, at the end of the day,
2 it won't make our budget decisions next year or the year after any easier. So tell me
3 how we guarantee that this is actually going to go where it can go.
4

5 Steven Emanuel,

6 As a part of, excuse me, as part of our global strategy in looking at the enterprise
7 business framework, we are putting together a new model for governance. One of
8 those, one of the components of that is a cross collaboration of how enterprise think
9 works and where the results of different business processes will push themselves
10 towards. This will be a process that will take some time because it is very difficult and
11 we understand that the human resource perspective of it does tend to be a challenge,
12 but we believe that through business improvement processes and one of the significant
13 components of the new governance process is process reengineering, which is now
14 going to be a mandate as part of the focus groups when we undertake projects and
15 programs, where the benefits are, where the strategies can be done, where we can
16 streamline processes, and the net will come out in reductions in necessity to do certain
17 types of work, and obviously those will necessitate changes in staffing. So it is a
18 conversation that is constantly reviewed. It was reviewed as part of our ERP strategy.
19 We understand the complement of adding more to the technology organization and we
20 would typically tell people we're at the bottom of the funnel. So we kind of catch it all but
21 our goal is to try and streamline it as much as possible and do it internally in DTS as
22 well. As we can provide efficiencies, as we can provide automation, that will reduce
23 manual challenges and manual support, we will take those efficiencies as well.
24

25 Councilmember Elrich,

26 I really appreciate an ongoing basis as you, you know, to be able to give us examples
27 as you get into Departments or into processes how what you've applied has been able
28 to lead to the broader changes, I think that.
29

30 Steven Emanuel,

31 Certainly.
32

33 Councilmember Elrich,

34 Will provide some level of comfort that this investment is actually going to pay off in all
35 the ways I think it has potential to pay off.
36

37 Steven Emanuel,

38 Certainly.
39

40 Costis Torgas,

41 Duchy, could I make a quick point.
42

43 Councilmember Trachtenberg,

44 Sure.



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1
2 Costis Toregas,
3 That perhaps Mr. Elrich, in the next item, which is item number 6.

4
5 Councilmember Trachtenberg,
6 Right.

7
8 Costis Toregas,
9 You will have the chance to raise that exact question with some answers coming from
10 the administration. Because this is exactly what is happening. We are presenting a
11 Technology Modernization effort where the administration has actually dealt with exactly
12 your question and you are absolutely right, Mr. Emanuel doesn't have the authority to go
13 into agencies and reduce head count or change work processes. On the other hand, Mr.
14 Emanuel is expertly putting together Committees and structures that will have that
15 capability and that authority. That is a discussion that we will be having for the next 12
16 months. But the next item will allow us to look at this in detail.

17
18 Councilmember Trachtenberg,
19 And we actually had a bit of a conversation about this through the Committee as well,
20 which is one of the reasons why the Department came back to us with the detail that
21 they did, because it was raised by more than one member of the Committee. I don't see
22 any other lights on. And with that I am going to move on to the second item which,
23 again, Dr. Toregas correctly has suggested has overlap with the first item that we took
24 up this morning. And again, this item is the CIP adjustment specific to the Technology
25 Modernization effort here in the County and I see that we are being joined by a few
26 additional folks for this conversation. So, again, before I begin my remarks if you could
27 just very quickly, starting with Mr. Beach, for those who have joined us, just quickly
28 identify.

29
30 Joe Beach,
31 Good morning. Joe Beach. Director, Office of Management and Budget.

32
33 David Dise,
34 David Dise, Director, Office of Procurement.

35
36 Steven Emanuel,
37 Steve Emanuel, CIO.

38
39 Jennifer Barrett,
40 Jennifer Barrett, Director of Finance.

41
42 Tom Strait,
43 Tom Strait, Assistant Chief Administrative Officer.



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1 Councilmember Trachtenberg,

2 Okay. Thank you again for being here this morning. We met within the MFP Committee
3 again back in mid-April to review the Executive's requested adjustment, and again, an
4 adjustment of \$925,000 for FY09. We also discussed a total of \$4,559,000 to support
5 the Technology Modernization requirements, again, recognizing that this project
6 includes three active parts, the ERP project, the Enterprise Resource Planning project,
7 the 311 Constituent Relationship Management CRM project, and MC time project. In
8 your packet, there are specific details on these projects as well as some information on
9 cost savings. A lot of questions were raised within the Committee regarding the
10 necessity of the project, not just the affordability issues but really, why it was necessary
11 at this time and to just summarize, I think the discussion centered around the fact that
12 we really had to address at risk systems, that we didn't have a choice about that, that
13 we needed to support our entire enterprise, and we can't rely necessarily on aging
14 systems, that we really need to come up to speed with the right technology, that there
15 were, indeed ways to identify efficiencies and cost savings and that obviously relies on
16 the principle that we have to change the way we do business and we need to
17 reengineer the way we are doing things. And clearly, first and foremost is that we do
18 have an obligation to improve service to citizens and that means providing access to
19 information and being able to respond quickly to citizens on, you know request to, both
20 sides of the street. I know there were three different management elements that were
21 addressed as well. I would ask Dr. Toregas maybe just briefly to summarize what they
22 were. But I believe in the two or three worksessions that we had within the Committee,
23 while we asked a lot of hard questions, I think we left the final discussion recognizing
24 that there was a plan in place and a commitment to continue to work very actively with
25 the Committee and with the Council in identifying a plan and really also monitoring the
26 investments indeed that were going to be made.

27
28 Costis Toregas,

29 What I can add to this, if I may, is that Technology Modernization is a very important
30 project for the County. It is currently composed of three different projects, a Enterprise
31 Resource Planning project to streamline our financial processes, our human resource
32 processes, our procurement processes. It also has a 311 CRM or Customer
33 Relationship Management component to streamline and to focus the attention to a
34 single point of contact for our residents who call into our businesses. It has a
35 component that finalizes the work that we have been doing on MC time to automate the
36 payroll processes. There may be additional projects that are added to this PDF as I
37 understand it over the years. But the intent is to modernize the County operations. If
38 indeed that is the case, a lot of things have to be safeguarded and I think the analysis
39 that the MFP Committee requested and is shown on circles 17 through 19 kind of make
40 the case for why we are doing this Technology Modernization at this time. To, there are
41 two or three management things that perhaps I should mention or would you like me to
42 wait perhaps to hear from the administration first?

43
44 Councilmember Trachtenberg,



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1 Why don't we let the administration walk us through this briefly. Just briefly. I don't want
2 to get.

3
4 Council President Knapp,
5 Joe draws the straw.

6
7 Councilmember Trachtenberg,
8 Don't want to get us into too much detail.

9
10 Jennifer Barrett,
11 Any of us can do it but we elected Joe today.

12
13 Council President Knapp,
14 It's his turn.

15
16 Joe Beach,
17 I guess it is my turn this morning. As we have in the packet on starting page 17, there is
18 three broad reasons why we think this project is urgently needed. We have at risk
19 systems right now, our financial, budgeting, procurement systems and HR systems
20 have been identified as at risk with some serious reliability problems. Bringing in new
21 systems, of course, is going to help us to identify and implement efficiencies and cost
22 savings when we implement with those modern business practices both in finance, HR,
23 and I don't want to neglect the 311 CRM component to that as well. And underlying all
24 of that, the reason you do any of that is to improve the services to the residents of the
25 County. It is difficult often for us to, in the Central Service Departments, but also out in
26 the line Departments that are providing direct services, to do that in an efficient and
27 effective way if they don't have the right tools and resources to do it. All Departments
28 use these systems. These are not just budget systems or finance or HR systems, in
29 HHS, in Police, in Fire and Rescue, they all use the FAMIS, the financial system, they all
30 use the --, the procurement system to make vendor payments, for payroll, for putting
31 together budgets, managing their budgets as well. These aren't, please don't think of
32 these just as like Central Service overhead systems. This is like infrastructure to provide
33 services to the residents of the County as well. We have a couple of things we have
34 indicated why we think that in a difficult fiscal times, why we think it's important to do
35 that. We want to keep, you know, the constant improvement of our services and
36 implementing the best practices and efficiencies for our residences as well as improving
37 services through CRM and 311 and we've already, Dr. Torgas has, I believe, worked
38 out in the Committee a, what I would characterize as an aggressive savings target
39 which will go on the Project Description Form but it is one where we are putting the
40 process and the structure in place to identify those cost savings and implement those as
41 well. Already, you can see, on circle 18 of the packet down toward the second half, we
42 have identified close to 2 million in savings already from retiring existing contracts in the
43 County and the process continues to identify additional savings and productivity
44 enhancements as well. The next page of that, circle page 19, we have indicated some



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1 of the business processes that would be improved which would effect, you know, all
2 Departments across the County. I know, within my own Department I have our own
3 struggles with this system. So we are trying to calculate what the general wage
4 adjustment impact would be doing what if scenarios and so forth. It is a very
5 cumbersome process right now, very staff intensive. If we had an integrated modern
6 system it would really greatly enhance that process. Same thing for our procurement
7 system. Very cumbersome system right now. If the folks, not only in procurement, but
8 out in our Departments had a more reliable, more streamlined modern system that was
9 based on modern business practices it would really enhance and improve their
10 efficiency in providing services.

11
12 Councilmember Trachtenberg,

13 Okay. Thank you for that input. I would agree with you Mr. Beach that there was an
14 aggressive effort made within the Committee to get some definition on those efficiencies
15 and savings. I would state quite formally that there was also a very aggressive effort
16 made on your end and the Department's end to work with us on that because that was a
17 question that kept coming up. I know we have several questions. I will go first to
18 Councilmember Elrich.

19
20 Councilmember Elrich,

21 I appreciate the work that's being done here and the information you provided. I have a
22 question about, you said you were going to implement a universal payroll system, right?
23 Is that being implemented, is there an order to implementation? Will there be a day that
24 the whole County switches over?

25
26 Jennifer Barrett,

27 Gosh, I hope so. I'm sorry. It is an electronic time sheet program.

28
29 Councilmember Elrich,
30 Right.

31
32 Jennifer Barrett,

33 We have implemented to over one thousand users right now in the Executive Branch.
34 We have been hampered by the position cuts, the position freezes, the turnover in
35 positions, et cetera. But we are moving forward and we're doing it on two prongs to roll
36 it out to the rest of the Departments. I know that the Council is using the system now.
37 We did get you all on board. But we need to roll it out to the rest of the Departments, but
38 we also, at the same time, are creating a dual team to roll it out to Public Safety
39 because you are aware of some of the issues that come up regarding overtime and time
40 reporting.

41
42 Councilmember Elrich,

43 Funny you were going to mention, that you mentioned.



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1 Jennifer Barrett,
2 I can imagine.

3
4 Councilmember Elrich,
5 This is where I, exactly where I was going.

6
7 Jennifer Barrett,
8 Correct. The IG report on overtime. And you will see in the responses that the finance
9 did respond in HR that some of the solutions to these longer term problems is in the
10 electronic time sheet system. So what we are doing is we're shortening up the schedule
11 because at the same time, I really want to get it out to everybody because I think that.

12
13 Councilmember Elrich,
14 Yeah.

15
16 Jennifer Barrett,
17 Doing paper three part time sheets is absolutely archaic for a County like Montgomery.
18 But we also need to address these issues in these kind of shift workers et cetera that
19 have, and I am not using the right words, but they have a unique scheduling challenges.
20 So it is a separate team because they have to interface to some separate scheduling
21 software that will populate the electronic time sheet system and then track the times
22 through that. So it is a little unique and so we are doing the Public Safety agencies
23 separately from the other roll out to the rest of the County.

24
25 Councilmember Elrich,
26 That was my request was that you make Public Safety and.

27
28 Jennifer Barrett,
29 Absolutely.

30
31 Councilmember Elrich,
32 The Fire and Rescue, in particular, first.

33
34 Jennifer Barrett,
35 We got a very clear direction to do that from the CAO.

36
37 Councilmember Elrich,
38 I want, that place needs some account, I mean, when one Department can tell me they
39 can tell me at the end of a shift how much overtime they spent and another Department
40 can't tell me at the end of the year why they spent the overtime they spent, there is
41 something fundamentally not right here.

42
43 Councilmember Trachtenberg,
44 Council Vice-President Andrews.



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Councilmember Andrews,
That's right.

Council President Knapp,
What he said. [laughter].

Councilmember Andrews,
All right. Kept it to two words. One other point in addition to dittoing that. In the, I want to thank Committee Chair Trachtenberg for her focus on technology and on the need to have as a critical component of this, which I know that the Department has included in their rationale for why we are doing this, cost savings. We do have to really keep that as one of the foremost goals of the initiative so that we are not just improving our abilities to do things but we're actually economizing as well. And I am glad that it is a formal part of this now and I just want to continue to emphasize it needs to be a primary objective.

Council President Knapp,
Thank you. I have got a couple of questions too. Kind of building on that theme, back in the presentation on circles 11 and 12 you talk, and I guess in the document where you identified the \$2 million we have savings so far, you talk about reduced process costs, reduce IT system costs, a number of things, then you talk about some of the specific savings that we have got targeted. Oftentimes, and it is not unique to us, we talk about the savings, and we know we spent less on a contract, but the savings never necessarily show up any place other than the fact it enables us to do other things. And so I guess one of the questions I would like to understand better is, -- better is, have we quantified what we think the cost savings are that we will hope to achieve? What are we spending in these areas currently so we can actually measure if we are here, we're now here? And then, is there a way for us to track that savings and see where those dollars then got reallocated to? I mean, you identified 2 million in savings from existing contracts, what did we do with the \$2 million? What did we then use those resources on?

Joe Beach,
That is actually to be implemented. We identified services and contracts that we will be able to retire with the implementation of this system, but I understand your general point is you would like to see a baseline what the existing costs are and then what the savings are and how those savings were sort of used.

Council President Knapp,
Right. Because otherwise if all we have done is take them and reuse them someplace else, on the one hand it is savings, on the other hand it just was another respending of the dollars that we theoretically saved. So we haven't saved it. We saved it there, we just spent it some, we just spent it somewhere else and at a time where we are looking at a variety of resource allocation issues to try and understand, would that necessarily



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1 have been where you would reprogram those dollars if we knew that those dollars
2 existed? And so I think we need to understand that baseline and then we can have a
3 discussion about when we get those savings, where do we go with those savings.
4

5 Costis Toregas,
6 Could I comment on that?
7

8 Council President Knapp,
9 Sure.
10

11 Costis Toregas,
12 The reason that we put the 5 million, \$50 million of savings in the Operating Budget
13 impact on the out years, year 13 and 14, is that in the first few years of implementation it
14 is not realistic to expect real savings.
15

16 Council President Knapp,
17 Right.
18

19 Costis Toregas,
20 But during those first four years, I expect that administration will find lots of streamlining
21 of processes that will be able then to make our processes more efficient and perhaps,
22 not save money, but defer expenditures.
23

24 Council President Knapp,
25 Great.
26

27 Costis Toregas,
28 On the other hand, the MFP Committee was very adamant that we need to see a
29 process established that will track not only contract savings but also fractional personnel
30 work year savings. Because I may be doing a lot of work and because of an automated
31 system, maybe ten percent of the work I used to do is no longer necessary. Somehow
32 we have to be able to trap that ten percent and to make it part of a pool of labor savings.
33 That system is not in place today and yet it needs to be in place within the next four
34 years. But the methodology is in place and I think the administration is to be
35 commended for coming in with an agreement to an actual saving in years plus 4 and
36 plus 5 of this complex system implementation.
37

38 Council President Knapp,
39 Recognizing the complexity of the system that is going to come out in phases, at what
40 point do we think we will have kind of the schedule outline for each of those phases and
41 the implementation of those phases and when they will change over, when we'll change
42 from one point to the other?
43

44 David Dise,
45



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1 Well, we will know what the first phase is once the negotiations are settled for this first
2 core financials, HR and those elements. The map that's laid out and the completion of
3 those as that work is being completed, once that is in progress, we will begin
4 development of the schedule for the subsequent phases which is the roll out. You have
5 seen the charts before the successive rings of implementation. Overall we expect it to
6 be about a three to four year process but we'll have, we will be negotiating as part of the
7 current contract for phase one, a definitive schedule. And again, while that work is
8 underway we will begin, we are not waiting for that to end before we start focusing on
9 the second phase of this. So we will have to do again level of effort, process maps, the
10 same things that we are doing now for the core phase we will have to do for the second.
11 This project is ongoing and the team will continue to focus on those things. What the
12 specific dates are we don't know but our target is about a four year implementation.

13
14 Council President Knapp,

15 I guess having watched a number of projects, not technology projects, but a number of
16 projects from the County perspective over the last few years, we tend not to have hard
17 firm dates. We have an idea of when we want to.

18
19 David Dise,
20 Right.

21
22 Council President Knapp,

23 Try and do something. And so I guess one of the things I would like us to get to is, when
24 are we going to do, you know, when are we going to do cut over for phase one what are
25 the pieces that go to that, which doesn't, obviously two, three, four, whatever, will play
26 off of that. They are not.

27
28 David Dise,
29 Right.

30
31 Council President Knapp,

32 Completely independent. They will build off each other. But at what, so once we get a
33 contract negotiated, we will begin to establish, basically, the gant chart that tells us.

34
35 David Dise,

36 Absolutely. In fact, we have already published the dates that we, that this first phase
37 must be completed by that are in coordination with either fiscal year for core financial
38 systems or calendar year for our HR systems. Those dates are already set. That's a
39 firm thing. And in fact, a factor in the evaluation of the proposals we have is our
40 assessment of the ability of the integrator to actually meet those, how, their bench depth
41 and their resources to help us to do that.

42
43 Council President Knapp,
44 Okay.



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1
2 David Dise,
3 Those are the things that go into consideration, because these are the partners we are
4 going to have throughout this process.

5
6 Council President Knapp,
7 Right.

8
9 David Dise,
10 We want to make sure they carry us through. Another part that is key to the way this will
11 work is we will develop with each successive phase what's called a blueprint for the
12 system. In that blueprint phrase is where the contractor and the project team will work
13 very, very closely to decide exactly what the best phase of implementation is, where are
14 the pitfalls, so that when you go into that you actually then negotiate hard delivery
15 dates. And that, I completely agree with you. The other side of this is that the industry, it
16 is in the County's best interest as well as the integrators' best interest to get in and get
17 out.

18
19 Council President Knapp,
20 Right.

21
22 David Dise,
23 They don't want to linger. We don't want them to linger. So time is really driving this.

24
25 Council President Knapp,
26 If we get the negotiated contract we hope to have completed by.

27
28 David Dise,
29 End of this year.

30
31 Councilmember Trachtenberg,
32 Yep.

33
34 Council President Knapp,
35 End of this calendar year?

36
37 David Dise,
38 Calendar year. That's correct.

39
40 Council President Knapp,
41 December.

42
43 David Dise,
44 November, December.



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1
2 Council President Knapp,
3 November, December.

4
5 David Dise,
6 Probably early December, yeah.

7
8 Council President Knapp,
9 So could we at least, I'm assuming the Committee has this, but I haven't seen it, the,
10 you said you have hard dates as to when you want to try and do the cut overs. I would
11 love to get a copy of what those dates are that we're looking at.

12
13 David Dise,
14 Sure. Sure.

15
16 Councilmember Trachtenberg,
17 And one thing I would interject at this point is that I very firmly have asked for a regular
18 update.

19
20 David Dise,
21 Yes.

22
23 Councilmember Trachtenberg,
24 And this year we, I think at least had four worksessions that were.

25
26 David Dise,
27 Yeah, we have committed to MFP to give them quarterly updates.

28
29 Councilmember Trachtenberg,
30 We were expecting to do the same next year.

31
32 Council President Knapp,
33 Good.

34
35 Councilmember Trachtenberg,
36 Again, those would be opportunities in which to share that kind of timeline.

37
38 Council President Knapp,
39 Great.

40
41 Councilmember Trachtenberg,
42 Confirmation to colleagues.

43
44 Council President Knapp,



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1 I appreciate the Committees' efforts and look forward to attending some of those
2 worksessions. And then the only other piece was as it relates to the time sheets or the
3 time, the pay system. How, what is our timing for the ultimate roll out and
4 implementation of that? I mean, I know that.

5
6 Jennifer Barrett,
7 I think it is next summer of 2009.

8
9 Steven Emanuel,
10 July of next, yes.

11
12 Jennifer Barrett,
13 We are trying to be done by then.

14
15 Councilmember Trachtenberg,
16 June, July.

17
18 Council President Knapp,
19 So we're looking to have it by, beginning of next fiscal year or, is that a.

20
21 Jennifer Barrett,
22 Right.

23
24 Councilmember Trachtenberg,
25 Yeah.

26
27 Jennifer Barrett,
28 Right. Of 2010.

29
30 Councilmember Trachtenberg,
31 By 10.

32
33 Jennifer Barrett,
34 By the beginning of fiscal year 2010.

35
36 Councilmember Trachtenberg,
37 That's right.

38
39 Steven Emanuel,
40 And again, because of the complexity one of the things we wanted to do was have it
41 completed so that when the design phase of our final enterprise solution comes in that
42 will be in and it will be tested and have, will have been in production because it is
43 complementary.
44



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1 Council President Knapp,
2 Right.

3
4 Steven Emanuel,
5 To reducing the time amount and getting that done with the other process.

6
7 Council President Knapp,
8 Okay. Good. Thank you.

9
10 Councilmember Trachtenberg,
11 I see that Councilmember Floreen has her light on.

12
13 Councilmember Floreen,
14 Indeed I do. Thank you Committee Chair Trachtenberg. I appreciate the Committee's
15 hard work on this and everyone's hard work. I have to say I am a little skeptical of your
16 projection of savings. But, you know, you are good advocates. [laughter]. Everyone is
17 a good advocate around here this time of year. But looking at the PDF for this.

18
19 Councilmember Trachtenberg,
20 Circle 16.

21
22 Councilmember Floreen,
23 Circle 16, I guess is the up-to-date one, I just want to understand, short term financing
24 is, hooray, another, a great source of paying for everything in this budget which I so
25 applaud Jennifer and I am looking forward to using this device for a number of other
26 issues.

27
28 Council President Knapp,
29 Other application.

30
31 Jennifer Barrett,
32 New favorite financing.

33
34 Councilmember Floreen,
35 I think it's just terrific. But that raises a question in my mind. Because you are showing
36 short term financing through fiscal 12 as well as current revenue through fiscal 12 and
37 then it stops, and don't we have to pay back the short term financing?

38
39 Jennifer Barrett,
40 What shows on the PDF is the cash flow going out the door.

41
42 Councilmember Floreen,
43 Yeah. Right.



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1 Jennifer Barrett,
2 So this is what I have to come up with cash with, but the cost, I am sorry, the cash to
3 the vendors, but we are financing it so the cost to the County taxpayers is this current
4 revenue line here plus the line in the debt service budget where each 7 year – of
5 financing.

6
7 Councilmember Floreen,
8 I thought there was a plus. Yes.

9
10 Jennifer Barrett,
11 Yes, so it does go out. We are financing this actually over an 11 year period. It's several
12 tranches of seven year finance, where we'll make a draw.

13
14 Councilmember Floreen,
15 So for 11 years.

16
17 Jennifer Barrett,
18 Total 11 years because of the staggered nature.

19
20 Councilmember Floreen,
21 That's what I figured. So I would ask that the MFP Committee, in your copious spare
22 time, take a look at the short term financing mechanisms where.

23
24 Jennifer Barrett,
25 Let me just be clear. It is 7 year financing.

26
27 Councilmember Floreen,
28 Right.

29
30 Jennifer Barrett,
31 It just is spread over an 11 year period.

32
33 Councilmember Floreen,
34 It's staggered.

35
36 Jennifer Barrett,
37 So it's short term.

38
39 Councilmember Floreen,
40 I appreciate that but understand, you know, the costs of this. We've looked at this in a
41 variety of areas.

42
43 Jennifer Barrett,



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1 Remember, I am using short term financing as an umbrella generic name. There'll be
2 various different instruments to use that fit under that umbrella, the certificates of
3 participation.

4
5 Councilmember Floreen,
6 I love it.

7
8 Jennifer Barrett,
9 This is, at least financing, I think what we are looking here is banks are getting used to
10 doing these projects across the country, we are actually looking at kind of a project
11 financing where we will bid out for the rates tied to an index.

12
13 Councilmember Floreen,
14 I think it is wonderful. I am all for it but I thought there was another line somewhere.

15
16 Jennifer Barrett,
17 Right, it's in the debt service.

18
19 Councilmember Floreen,
20 And that's the other cost associated with it.

21
22 Jennifer Barrett,
23 It is not in addition to this. It just replaces this line of numbers.

24
25 Councilmember Trachtenberg,
26 Right.

27
28 Councilmember Floreen,
29 Well, it's, okay, right, yeah.

30
31 Jennifer Barrett,
32 But the line here that, it is just like a GO Bond funded road project. You see the bonds
33 on the project, that is when the cash is going out the door, but the true cost to the
34 County is in the debt service budget and the debt service for GO Bonds.

35
36 Councilmember Floreen,
37 Right. And that is part of the conversation that we don't have when we are looking at
38 this directly, that's all. I think it would be helpful for us to understand how that all works
39 at some point. We don't have to do it right this minute but, because I think it is such a
40 marvelous device, I am especially.

41
42 Councilmember Trachtenberg,
43 I'll make sure to put it on the calendar and make sure to invite you personally.



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1 Jennifer Barrett,

2 I feel a need to point out that although it doesn't count as debt because like the others
3 this is subject to appropriation, it does compete for our overall resources in the portion
4 of our budget we're putting aside to debt service.

5
6 Councilmember Floreen,
7 Absolutely.

8
9 Jennifer Barrett,
10 Okay.

11
12 Councilmember Floreen,
13 I understand that and I applaud your initiative in this regard. And understanding though
14 that I think it may help us as we think about how all these pieces fit together in the long
15 term. So, thanks.

16
17 Councilmember Trachtenberg,
18 Thank you and I see that Councilmember Elrich has his light on.

19
20 Councilmember Elrich,
21 I just wanted to quickly follow onto Nancy's point. I mean, and I appreciate the invitation
22 to Nancy to attend the Committee meeting but I actually think this might be, you know,
23 you all in the Committee might consider whether this is a line that ought to be attached
24 to PDFs in general so we can, you know, even though it doesn't, it's not reflected in the
25 cost, you know, it doesn't change the PDF, but so both us and the public can see what
26 the cost of these things are. I mean, I think it, you know.

27
28 Jennifer Barrett,
29 It is how we financed a whole, almost all.

30
31 Councilmember Elrich,
32 Right.

33
34 Jennifer Barrett,
35 Of the CIP.

36
37 Councilmember Trachtenberg,
38 Yeah.

39
40 Jennifer Barrett,
41 So you have to put us on the debt service budget.

42
43 Councilmember Elrich,



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1 But I think it is good to see what the impacts are because, you know, one can maybe,
2 we are looking at, you know, a project and we're looking at the cost of the project and
3 another Committee is looking at the financing of debt and it would probably be useful to
4 us to at least get a sense of what the true cost of everything is we're doing.

5
6 Jennifer Barrett,

7 It does all feed together in the Council's actions at least twice a year when you look at
8 spending affordability both at the Committee level and the full Council level. So, there is
9 this whole process of financing that brings it all together for you and you are seeing it
10 but you are right there is difference pieces that come together.

11
12 Councilmember Trachtenberg,

13 Well, it also could be when we go back and look at the SAG guidelines in the autumn.

14
15 Jennifer Barrett,

16 Sure.

17
18 Councilmember Trachtenberg,

19 And I know we were going to revisit them at that time, we could talk a little bit about.

20
21 Jennifer Barrett,

22 Sure.

23
24 Councilmember Trachtenberg,

25 About some of the suggestions that were made by my two colleagues, that would be an
26 appropriate.

27
28 Jennifer Barrett,

29 Sure.

30
31 Councilmember Trachtenberg,

32 Place to have that conversation I think. So unless there are any other questions.

33
34 Council President Knapp,

35 No further questions.

36
37 Councilmember Trachtenberg,

38 Again, I want to thank all of you for being here. I want to thank Dr. Torgas for his
39 excellent support and I also want to thank the Department and the Executive Branch as
40 well for their collaboration with us on this project and this budget item. So thank you
41 again for being here this morning and we will move quickly on to the last MFP item for
42 the morning which is the Cable Communications Plan.

43
44 Council President Knapp,



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1 You are still here.

2
3 Councilmember Trachtenberg,
4 And I know we've got a few guests joining us. Mr. Emanuel will be staying at the table.

5
6 Council President Knapp,
7 He's the bedrock of our technology activities.

8
9 Councilmember Trachtenberg,
10 That's right. The bedrock of those activities. And we also thank those for returning today
11 because these items were not addressed yesterday as originally intended. So thank you
12 for working with us. If we could again make some brief introductions before we start the
13 item discussion.

14
15 Donna Keating,
16 Good morning. Donna Keating, Manager of the Government Access Channel.

17
18 Amy Wilson,
19 Amy Wilson from the Cable Office.

20
21 Steven Emanuel,
22 Steve Emanuel, Chief Information Officer.

23
24 Melissa Adams,
25 Melissa Adams, Montgomery College ITV Station Manager.

26
27 Alex Espinosa,
28 Alex Espinosa, OMB.

29
30 Jennifer Bryant,
31 Jennifer Bryant, OMB.

32
33 Councilmember Trachtenberg,
34 Thank you. Well, the Cable Communications Plan Operating Budget was addressed on
35 three different MFP, at three different worksessions, one in the middle of April, one in
36 the end, and then another on May 1st. And as I had stated in the full Council, there had
37 been a discussion around increasing number of televised Council meetings and
38 programs and covering the additional expense of that, which again is approximately
39 \$111,000. But again, one of the reasons why we had three worksession discussions on
40 this is because there were some issues that were raised about how we might want to
41 use the Cable Fund surplus this year. Again we have approximately about \$2.5 million
42 and we are required to keep approximately 800,000, is that correct Amanda?

43
44 Amanda Mihill,



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1 860,000.

2
3 Councilmember Trachtenberg,

4 860. The other part of that discussion was whether there are any legal restrictions on
5 the use of the surplus. I see that both Amanda Mihill from our staff and Mr. Drummer is
6 here. I wonder Bob, if you just very briefly want to talk a little bit about the legal
7 restrictions, if any, on the use of the surplus before we even get into a discussion of
8 what options may exist for Council consideration.

9
10 Council President Knapp,
11 Good idea.

12
13 Bob Drummer,

14 Sure. Thank you. The Federal Cable Act has an absolute, well, not absolute, a
15 restriction on the amount of money that the County can charge the franchisees and it is
16 five percent of gross revenue as a franchise fee. That fee is actually, can be used by the
17 County under federal law for any purpose. There is a statutory exception to the
18 franchise, the five percent limit which allows the County to charge or to receive a
19 payment or grant for PEG capital costs. PEG is Public Educational and Governmental
20 Access projects and it is only for capital costs which is equipment and facilities. That
21 money, those grants, the PEG grants must be used for PEG capital costs. In our case,
22 we have a third component, back in 1998 the County entered into a settlement
23 agreement with the predecessor to Comcast. In return for release of claims the County
24 had against the cable franchisee, the franchisee agreed to pay the County a settlement
25 payment of 1.5 million per year indexed to the CPI which is now approximately 1.9
26 million. That money, since it is not actually a fee or a charge, is outside of the Federal
27 Cable Act itself. It is simply payment of a claim so that money is, under federal law
28 could be used for anything but the settlement agreement restricted that money to be
29 used for PEG access support, which would include not just capital but operating
30 expenses. We have gone through the budget and it appears that the money that must
31 be spent on the PEG capital costs is in the budget, you know, more than that is actually
32 in the budget. So we are spending that. The money that must be spent under the
33 settlement agreement, the 1.9 million for public access, we have more than that in the
34 budget as well. Therefore, the remaining money that would be a surplus can be
35 attributed to the five percent franchise fee which under the federal law is unrestricted.

36
37 Councilmember Trachtenberg,

38 Okay. Thank you very much Bob and I think that's.

39
40 Council President Knapp,

41 Got, actually Marc's got a questions on that I believe.

42
43 Councilmember Trachtenberg,

44 Okay.



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Councilmember Elrich,

My question is about the required fund balance. What is the nature of that requirement? How does it fit into every, is this part of the overall funds we need to hold in reserve, is this peculiar to the Cable account?

Amanda Mihill,

Sure. If you look on circle 9, which is the proposed FY09 Cable plan, if you look towards the bottom, you will see sort of a summary of where funds are being spent and one of the last lines for them, second box up is the fund balance for the policy guidance. And that's, I believe it's a certain percentage of certain revenues. Amy can talk specifically about how they find that fund balance, but historically, we don't spend below that required policy.

Councilmember Floreen,

Okay.

Councilmember Elrich,

Is it a policy or is it a requirement? Is it something we have done because it is sort of like something we have tried to do or were we required to maintain this balance?

Councilmember Trachtenberg,

Amy or Steve?

Alex Espinosa,

It is a policy established initially by the Executive, written up into a policy memorandum with, you know, the Department's participation.

Councilmember Elrich,

Okay.

Alex Espinosa,,

As well as Finance and OMB.

Councilmember Elrich,

If I spent below it, if I spent another hundred thousand dollars for example, am I jeopardizing the County's general reserves or just the Cable Fund? What's the potential, what am I protecting the Cable Department against?

Alex Espinosa,

Right.

Councilmember Elrich,

By keeping it at 860 rather than 760.



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Alex Espinosa,

This particular fund is a non-tax supported fund, it's outside of the general reserves. Typically we set a policy as protection against unanticipated shortfalls both in revenue and unanticipated expenditure requirements that come up through the year. Depending on the fund and other operational requirements, some amount might be set aside for future expenditures identified, expenditures depending on the particular circumstances, but it is outside the general reserves.

Councilmember Elrich,

Have we ever tapped this fund before for a Cable Department necessity? Emergency rather than.

Amanda Mihill,

For instance, you technically you did when you did the FY08 savings plan because you transferred the remaining part of the contract to the Cable Fund. At the time the Cable Fund had been approved, we ended up having additional revenues, so it did not drop below the fund balance, but you did spend unanticipated money during FY08 that was not originally appropriated.

Councilmember Elrich,

Have we dropped below the fund balance before? Have we done it for any reason caused by a shortfall of revenues or anything within the Cable Department?

Amanda Mihill,

Not that I am aware but the I think the Cable Office might have more historical information.

Councilmember Trachtenberg,

I don't think so, and Alex, if you could answer, when was the policy set by the Executive on this?

Alex Espinosa,

I can go back and look. I don't recall.

Councilmember Trachtenberg,

I think it was back in.

Amy Wilson,

I'm sorry, in your packet it is listed on page 5.

Councilmember Trachtenberg,

Is it?



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1 Amy Wilson,
2 Yes.

3
4 Councilmember Trachtenberg,
5 Okay.

6
7 Councilmember Elrich,
8 So this is a source I can go to without creating a foul.

9
10 Unidentified
11 Yes.

12
13 Councilmember Elrich,
14 I won't get flagged for illegal procedure or something. Okay.

15
16 Councilmember Trachtenberg,
17 Okay. Well, then that brings us to the decision at hand which is that we have an MFP
18 recommendation to fund the additional television coverage but we also had a PHED
19 Committee recommendation to fund \$737,000 approximately for Park and Planning
20 initiatives. And if, indeed, we were able, we were going to do both, that would leave us
21 below the fund balance that we traditionally maintain. So there are some options that we
22 can consider. One would be to go along with the MFP recommendation which is to just
23 simply cover the television coverage and take, perhaps, an additional amount and place
24 it on the reconciliation list. So that would be one option. And use it how we see fit. The
25 other option would be to fund the MFP recommendation for the television coverage and
26 also take a portion of the PHED Committee recommendation and, fund that as well. The
27 other option is to put everything on the reconciliation list. I know that staff worked with
28 the Cable Office to come out with a compromise. I wonder, Amanda, if you want to walk
29 us through that which is on page 2 of the packet.

30
31 Amanda Mihill,
32 Sure. My understanding is that Council staff had talked with the Cable Office who
33 indicated they could absorb the 20,000 dollar cost for Park and Planning cable
34 programming. Separate from that if you wanted to fund a, you know the MFP
35 recommendation for more televised meetings as well as some of the PHED Committee
36 recommendations, the Council staff recommendation is to reduce IT equipment and
37 reduce the document management costs in addition, with cutting the cable
38 programming costs that the Cable Office can absorb you would be at the policy
39 guidance balance.

40
41 Councilmember Trachtenberg,
42 Okay. Thanks Amanda. And at this point, obviously we need to come to some
43 consensus on how we will move forward. It would be my suggestion to actually go
44 ahead with the potential solution provided by the Cable Office discussed with staff. It



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1 would seem to me it'd be a way to address the expense that MFP wants to cover and it
2 would also allow the PHED Committee to cover a reasonable amount of things for Park
3 and Planning in the process. So that seems agreeable to me.

4
5 Councilmember Floreen,
6 Which one is that?

7
8 Council President Knapp,
9 That's the paragraph below the box.

10
11 Councilmember Trachtenberg,
12 Right. Right. Which is basically to let the Cable Office absorb the \$20,000 for Park and
13 Planning cable programming and still cover the MFP television coverage amount of
14 \$111,000 but then take the additional funds that will keep us, again, within that
15 threshold of maintaining the traditional fund balance and cover the items as
16 recommended by PHED but just to a smaller degree.

17
18 Council President Knapp,
19 I had a question. Actually, I missed the tail end of Councilmember Elrich's explanation
20 but I wanted to see, how long have we had a fund balance?

21
22 Councilmember Trachtenberg,
23 That sort of goes to what I asked Alex which is.

24
25 Amy Wilson,
26 In FY09, it was established.

27
28 Council President Knapp,
29 In when?

30
31 Amy Wilson,
32 I'm sorry, I'm sorry, it's.

33
34 Council President Knapp,
35 Not when it was established, how long have we had a balance?

36
37 Amy Wilson,
38 The Cable Fund has always maintained a balance.

39
40 Councilmember Trachtenberg,
41 Right.

42
43 Council President Knapp,
44 Okay.



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1
2 Amy Wilson,
3 Since the start of the franchise and it's varied depending on expenditures.

4
5 Council President Knapp,
6 There has always been a balance?

7
8 Amy Wilson,
9 We have always had a balance.

10
11 Council President Knapp,
12 Okay.

13
14 Amanda Mihill,
15 There has always been a balance but I want to, if my recollection is correct, I want to
16 say it was in the early 2000s when there was actually a, beginning a written policy of
17 providing a certain minimum amount in the Cable Fund.

18
19 Councilmember Trachtenberg,
20 I think that is correct. And I think when Alex goes back and looks, what he's going to
21 see is that Executive policy that was established was probably established in 90 or 91, I
22 think that's.

23
24 Alex Espinosa,
25 We can go back and look and see when it was established.

26
27 Council President Knapp,
28 Now, it wasn't a policy, it was just more wondering how long we've actually had money
29 in there.

30
31 Councilmember Trachtenberg,
32 Yeah.

33
34 Alex Espinosa,
35 It's typical whenever there is a fund set up to have a certain amount.

36
37 Councilmember Trachtenberg,
38 Exactly.

39
40 Alex Espinosa,
41 Remaining as a balance.

42
43 Councilmember Trachtenberg,
44 Yeah.



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1
2 Alex Espinosa,
3 For reserve purposes.

4
5 Councilmember Trachtenberg,
6 So it's probably right around that time.

7
8 Council President Knapp,
9 Okay. I would like to get that information. Okay. I am fine with the recommendation. We
10 have got two lights at the end.

11
12 Councilmember Trachtenberg,
13 Okay. Councilmember Elrich.

14
15 Councilmember Elrich,
16 I guess I am okay with the recommendation. My only question is are the people who are
17 getting the IT equipment reduced and the document management not done and the
18 Cable Department cutting cable programming, are they okay, I know Council staff is
19 okay, but are the three affected other entities okay with this? Because to me, there is
20 nothing sacred about this policy and nothing sacred about holding the hundred
21 thousand. So if this is something we, these three things are things we really ought to be
22 doing, then I would rather do them and if it's something everybody is okay with putting
23 off for a year, or waiting to see whether there's room in the supplemental sometime
24 during the year, then I am okay with that too.

25
26 Councilmember Trachtenberg,
27 Well, what we could do Marc to answer your question is quickly get staff to interact with
28 the appropriate folks and find out if indeed they can do some of the things that we're
29 suggesting we're funding.

30
31 Amanda Mihill,
32 Sure. One quick clarification is that the cable programming money technically is being
33 cut but it will be absorbed into the Cable Office. So those services are not.

34
35 Councilmember Trachtenberg,
36 Right.

37
38 Amanda Mihill,
39 Not going to be provided by cutting that 20,000.

40
41 Councilmember Trachtenberg,
42 The \$20,000 is just being absorbed, as I said.

43
44 Councilmember Elrich,



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1 So the question just is in the IT equipment.

2
3 Councilmember Trachtenberg,
4 Yeah.

5
6 Councilmember Elrich,
7 And the document management.

8
9 Councilmember Trachtenberg,
10 Right. And I know an off line conversation I had suggested that they were okay with this.
11 But I haven't seen anything formal.

12
13 Amanda Mihill,
14 This recommendation was run by, was also run by the Council staff person that deals
15 with this agency and so I can chat with her and find out what kind of conversations we
16 have had.

17
18 Councilmember Trachtenberg,
19 Okay.

20
21 Councilmember Elrich,
22 I mean, if you can come back, if it is okay with, if it's okay, then I am okay with this
23 recommendation. It is fine.

24
25 Councilmember Trachtenberg,
26 Councilmember Floreen.

27
28 Councilmember Floreen,
29 Thank you. Just to recap what is being proposed then is to approve both the MFP and
30 the PHED Committee recommendations and then their conversation that we just had
31 had to do with some of the sub-funding issues. What about putting what's left of the
32 surplus though on the reconciliation list? That would make, is that the 756?

33
34 Amanda Mihill,
35 If you want.

36
37 Councilmember Floreen,
38 Is that the fund balance left or is it the 860?

39
40 Council President Knapp,
41 860.

42
43 Councilmember Elrich,
44 Depends how you look at it.



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Councilmember Floreen,
Because.

Amanda Mihill,
The fund.

Councilmember Floreen,
Well, that is what I am wondering. Which line that would be because the 20 and the 54.
I don't know. Is that what.

Amanda Mihill,
The fund balance, the surplus above this policy fund balance is 745,000. If you go with
the recommendation that was being talked about, there would not be extra money to put
on the reconciliation list.

Councilmember Floreen,
Well, except for the actual fund balance itself.

Amanda Mihill,
If you wanted to go below that policy, yes.

Councilmember Floreen,
Yeah, I am still a little unclear as to what the sanctity, what sanctity we are preserving
with this policy. I just, you know, seeing almost a million dollars sitting there that, of
course, an important fund but on the scale of priorities, perhaps not the most important
fund. I hate to say that out loud.

Steven Emanuel,
If I can make.

Councilmember Trachtenberg,
Well, I know that Mr. Emanuel is just very anxious to respond to your statement.

Councilmember Floreen,
Yeah.

Steven Emanuel,
One of the unique challenges in the Cable Office is there are a number of technical
changes as well as physical changes that can require appropriation of funds in a rather
urgent fashion. One of the ones that we had described to MFP that we believe is a
potential for FY09, there is a road construction project that is planned by the state but
we do not know as yet the actual date of the construction. The estimates for the fiber



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1 relocation of our core fiber net, which is a significant investment through the Cable
2 Office and the Cable Plan, is about \$255,000.

3
4 Councilmember Floreen,
5 But wouldn't that be part of the state?

6
7 Steven Emanuel,
8 No, there is a rule in place and I apologize I don't know the details of it, but there is a
9 pecking order for the ownership of cost relative to fiber construction and fiber move
10 relative to new construction projects. In this particular case it has been identified that it
11 would be Montgomery County's responsibility to pay for that fiber move.

12
13 Councilmember Floreen,
14 Well, let's review that policy.

15
16 Councilmember Elrich,
17 Yeah.

18
19 Steven Emanuel,
20 I believe that is a state policy.

21
22 Councilmember Floreen,
23 Yeah.

24
25 Councilmember Trachtenberg,
26 That's a state policy.

27
28 Councilmember Floreen,
29 Well, of course it is, but that doesn't mean that it needs to stay that way. It needs to stay
30 in-viable. Let's put that on the list.

31
32 Steven Emanuel,
33 I understand that. Until I can change those policies and potentially sway my Executive
34 to.

35
36 Councilmember Trachtenberg,
37 Right.

38
39 Steven Emanuel,
40 Make recommendations for changing that policy.

41
42 Councilmember Floreen,
43 Well, you don't have to.



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1 Steven Emanuel,
2 These are contingencies.
3
4 Councilmember Floreen,
5 Sway us.
6
7 Councilmember Trachtenberg,
8 Yeah.
9
10 Steven Emanuel,
11 That we want to just be, we just simply want to be able to respond as urgent as
12 possible.
13
14 Councilmember Floreen,
15 Okay. Well, I would just raise the, present, suggest that.
16
17 Councilmember Trachtenberg,
18 Another item for the Committee.
19
20 Councilmember Floreen,
21 At least half of that to be considered as something that is maybe available to help us
22 with our budgetary needs.
23
24 Council President Knapp,
25 Is that a motion?
26
27 Councilmember Floreen,
28 Yeah.
29
30 Councilmember Trachtenberg,
31 Well, what are we talking about in terms of an amount because I think one thing also.
32
33 Councilmember Floreen,
34 Half of whatever the surplus would be.
35
36 Councilmember Trachtenberg,
37 We might want to put into perspective here too is some of what is going on around FCC
38 activity. And the fact that, you know, that has got to be part of the context that we
39 develop for this decision making conversation. Which is that there are things that have
40 been ruled on but we also anticipate there might be some changes in some of what's
41 been ruled on. Maybe not in our favor. Am I correct in saying that?
42
43 Steven Emanuel,



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1 We concur completely. This does, while we do have a positive projection for this year,
2 these regulations could have a significant impact on the revenue which could change
3 the picture of this entire model very, very significantly.

4
5 Councilmember Floreen,
6 Yeah, but it hasn't happened yet.

7
8 Steven Emanuel,
9 Actually, it is partially happening and we are in the process of challenge these actions.

10
11 Councilmember Trachtenberg,
12 Yeah, and we're likely to know by the autumn.

13
14 Councilmember Floreen,
15 Well, there you, we're challenging it?

16
17 Councilmember Trachtenberg,
18 By September or October.

19
20 Steven Emanuel,
21 Yes ma'am.

22
23 Councilmember Floreen,
24 Good. So that will take a good long time to get resolved with our able legal staff.

25
26 Council President Knapp,
27 So we have a motion. Is there a second for the motion?

28
29 Councilmember Floreen,
30 Well, my thought was if it is necessary to be a motion I just say that if we have nearly
31 million dollars in a fund that might be available.

32
33 Councilmember Trachtenberg,
34 It's 750.

35
36 Councilmember Floreen,
37 756 I guess, more or less, in a fund, that might be available to assist us in our budgetary
38 challenges over the next week or so, and if they are saying they know that there is a
39 potential, they feel that it is likely that some of this will be needed, but we'll see, at least
40 half of that it seems to me might be available to at least have, recognize as we might
41 want to revisit the fund policy requirements for this.

42
43 Council President Knapp,
44 Councilmember Berliner.



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Councilmember Floreen,

So I don't know if it is a motion to put it on the reconciliation list, it's just an acknowledgement there is some money there.

Councilmember Berliner,

Having sat in on the MFP for a period of time, I share my colleague's questions with respect to the validity of this fund balance policy at this moment in time.

Councilmember Floreen,

This moment in time, yeah, yeah.

Councilmember Berliner,

And wonder whether or not if in fact, as I understand my colleague's suggestion, I heard it argued that we may need \$250,000.

Councilmember Floreen,

Yeah.

Councilmember Berliner,

With respect to a particular project which may come about and we may need it and we may need, for purposes of this conversation, an additional hundred thousand or so. But of that 750, if you get, cut it in half it comes to 375 on the reconciliation list. Maybe we can break that down into two pieces. So it is 250 and one and a quarter and I think it is reasonable for this Council to consider that in the context of our current budget dilemma if the MFP Chair, who is the one struggling the most with trying to get our financial house in order, feels like this is an appropriate place to consider this.

Councilmember Trachtenberg,

Well, I would like to hear from Mr. Espinosa who is, I know, also very anxious to provide some commentary.

Alex Espinosa,

Yeah, just a couple of brief points. I think when the Executive put together the recommendation here there is consideration not only for what was needed in the upcoming fiscal year but just having a multiyear outlook. So from that standpoint we think that we put together a prudent recommendation and also a prudent recommendation with respect to the reserves. Now with respect to the policy, the policy, when it was developed and put together, it was brought before the Council for its review and concurrence and that occurred. Obviously these policies can be reviewed on an ongoing basis and in the future and that can be done as well. But I just wanted to bring that to your attention. And secondly.

Councilmember Trachtenberg,



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1 Thank you Mr. Espinosa.

2
3 Councilmember Floreen,
4 Highly sensitive response. [multiple speakers].

5
6 Councilmember Trachtenberg,
7 Based on that response, you know, what I would suggest is the following, why don't we
8 take 250 of what is in there in terms of 750. 750 remains if we go ahead and give PHED
9 what they want for Park and Planning, give MFP what they need for television coverage,
10 why not take 250 out of there and just leave the 500 in there and let's address the policy
11 over the next few months. But that would seem to me to be a wise thing to do. I don't
12 think there is any reason to start with the 375 at this point. The reason being is that
13 there is litigation pending. We don't know that there won't be more litigation.

14
15 Councilmember Berliner,
16 So I'll support the.

17
18 Councilmember Floreen,
19 Better than nothing.

20
21 Councilmember Trachtenberg,
22 The 250 could turn into 325.

23
24 Councilmember Floreen,
25 Okay.

26
27 Council President Knapp,
28 All right.

29
30 Councilmember Trachtenberg,
31 I will give you 250.

32
33 Councilmember Berliner,
34 250, going once, going twice. We're done.

35
36 Council President Knapp,
37 All right. Moving along.

38
39 Amanda Mihill,
40 If I may, can I be crystal clear about what I heard?

41
42 Councilmember Trachtenberg,
43 Yes, we probably need to be crystal clear about what you heard.



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1 Amanda Mihill,

2 We are supporting all of the MFP recommendations, all of the PHED recommendations
3 and putting 250 on the reconciliation list.

4
5 Councilmember Trachtenberg,

6 Exactly, that is it in a nutshell. Okay. Well, that completes conversation on the Cable
7 Communications Plan.

8
9 Council President Knapp,

10 So, there are no further comments.

11
12 Councilmember Trachtenberg,

13 And again, I thank everyone who joined in the fun this morning for this conversation.

14
15 Council President Knapp,

16 All right.

17
18 Councilmember Trachtenberg,

19 So I am completed.

20
21 Council President Knapp,

22 Thank you Madame Chair. You are what?

23
24 Councilmember Trachtenberg,

25 I am completed. [laughter]. [multiple speakers].

26
27 Council President Knapp,

28 Thank you all very much.

29
30 Councilmember Trachtenberg,

31 And Mr. Espinosa is staying for the next conversation.

32
33 Council President Knapp,

34 We now turn back to the Public Safety Committee Chair for the Department of
35 Correction Rehabilitation. Council Vice-President Andrews.

36
37 Councilmember Andrews,

38 Thank you Council President Knapp. We have representatives from the Department
39 making their way to the front. We will give them a few seconds to get up here. All right.
40 Okay. Good morning everybody. All right. Well, let's start with introductions for people
41 listening in and watching.

42
43 Art Wallenstein,



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1 All of the Division Chiefs are sitting behind me with the exception of Mark Wolf who is
2 sitting here. Art Wallenstein, Direction of Department of Correction and Rehabilitation.

3
4 Mark Wolf,
5 Mark Wolf, Chief Management Services.

6
7 Paul Hadid,
8 Good morning all, Paul Hadid, Budget and Procurement.

9
10 Councilmember Andrews,
11 Good morning.

12
13 Alex Espinosa,
14 Alex Espinosa, Operating Budget Coordinator.

15
16 Ed,
17 Ed --, Office of Management and Budget.

18
19 Councilmember Andrews,
20 Okay. Well, nice to see you all. This is the Operating Budget worksession of the Council
21 and the Department of Correction and Rehabilitation, which is my nominee for the best
22 managed and most innovative Department in County government.

23
24 Council President Knapp,
25 I'll second that.

26
27 Councilmember Andrews,
28 We had two worksessions on this budget and went through it carefully. There are a
29 number of proposed changes from the Executive to it. The budget as proposed by the
30 Executive will have a net decrease of eight full time positions in it and that's notable I
31 think, actual decline in the number of full time positions. And they are specified in the
32 packet. We can go through each one. The short of it is that we accepted, agreed out
33 right with five of the proposed elimination of positions and we, there were nine actually
34 proposed overall because there was one that was a new position and we put five on the
35 reconciliation list and proposed eliminating the new position. The impact of each change
36 in the position is described in detail in the packet and the Committee did go through
37 each. You can see which ones on the summary sheets on the front of page one and
38 two, which ones we put on the reconciliation list and which ones we accepted as an
39 outright reduction. We accepted as reductions the abolition of the principal
40 administrative aide in prerelease services, abolition of the principal administrative aide
41 at Clarksburg, abolition of a correctional officer in MCDDC maintenance, abolition of the
42 nurse practitioner at the Montgomery County Detention Center, and abolition of the
43 community release coordinator position in prerelease services. We supported the
44 addition of a position to handle the reimbursement for housing of federal prisoners. Our



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1 prisoners, people who are anticipated to be wanted by the federal government and felt
2 that bringing that in-house as recommended by the Department would actually save a
3 hundred thousand dollars or more which was very appealing. So we agreed with that.
4 We shifted the cost of the bakery position to the inmate canteen fund so that will be paid
5 by that fund rather than general revenues. And we also approved the reduction of roll
6 call from 30 to 15 minutes to save \$767,000 in overtime and we will be coming back to
7 that in just a minute. We put the community outreach specialist, the intake processing
8 aide, the principal administrative aide MCDC, the principal administrative aide at
9 Clarksburg, and a correctional officer who's in the job shop; we put those positions on
10 the reconciliation list for potential restoration. In any event, there would be a net
11 decrease in the number of positions in the Department even if we were to put all the
12 reconciliation positions back on. Yesterday we received a, late yesterday, we received a
13 memorandum from the County Executive proposing an alternative to the savings that
14 the Committee accepted from the reduction of roll call from 30 minutes to 15 minutes
15 which is all overtime. The question is how much over time. And a 15 minute roll call
16 saves \$767,000. The Executive is recommending now that there be the abolition of
17 three additional positions and holding vacant five correctional officers and a small
18 reduction of miscellaneous operating expenses which comes out to the exact dollar
19 figure of the reduction in the roll call from 30 minutes to 15 minutes in overtime. I am
20 very concerned about the ability to make a quick decision about this. I think that we are
21 likely going to need to hold this issue over to Monday or Tuesday in order to fully assess
22 what the impact would be because the rest of this budget, I know that the Correctional
23 Director goes through and scrubs his budget very carefully and makes very considered
24 recommendations. All the other recommendations that are in this budget went through a
25 long review, and a careful review, and also public hearings, and two Committee
26 worksessions. This latest change came over here late afternoon yesterday. We haven't
27 had, I haven't certainly had the chance to hear the details about it yet. We are going to
28 hear some details this morning but I'm going to recommend that we not make a decision
29 on this today because I think we need to understand its impact. We have time on
30 Monday and Tuesday to come back to it which I think would be a good idea. So I want
31 to first, before we go to the Director, ask Linda McMillan if she wants to comment on
32 any aspect of this packet she prepared. As always she did a great job. And then turn to
33 the Director and the Office of Management and Budget to discuss these proposed
34 changes that are in the one page memorandum that came over yesterday afternoon
35 which contain, that seems to me some very significant changes. I want to understand
36 their impact. So with that, Linda do you want to comment at all? No. Okay. All right.
37 Let's turn to Director Wallenstein to talk about the budget and specifically about these
38 additional recommendations that have come over from the County Executive that would
39 eliminate three additional positions, it would eliminate, abolish the vacant records
40 manager position, and we need to know what the impact of that is, abolish the vacant
41 correctional specialist five, abolish the supervisory therapist which I assume is not
42 vacant, and continue holding vacant five correctional officers. I am concerned about
43 each of them. I know the Department spent a lot of time figuring out how many
44 posts, you know how many posts you are and you figured out a lot of, you have, and



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1 you figured out how many positions it takes to fill those posts 24/7 given the shift relief
2 factor and how many hours of a year people are available on average to fill those posts.
3 And so, you went through a careful process and I am concerned that if we were to
4 eliminate these five correctional officer positions they would be filled with overtime since
5 I know you know how many people you need. So with that, let me turn it over to Director
6 Wallenstein for some comments about the budget and about this latest recommendation
7 we have received from the County Executive.

8
9 Art Wallenstein,

10 Fine. General comments. None because we always are in agreement when we come to
11 full Council. So the major issues that relate to the operation of the Department in
12 population, and growth, and major issues, really there is not a great comment needed
13 on that. I am quite prepared to go directly to the substance of the matters that you
14 raised.

15
16 Councilmember Andrews,
17 Okay. All right.

18
19 Art Wallenstein,

20 Our Department needed to make a reduction, non-debatable 3.5 percent. 2,241,110. All
21 right. Inherently unpleasant but that's the way it was to engage the \$297 million budget
22 gap in the County. We attacked that issue quite directly several months ago. The major
23 focus of this issue is, from our perspective, and while it is the Executive's proposed
24 budget it is Art Wallenstein's recommendation obviously that we then had to sell to that
25 process. So there's no hidden issues here other than feeling that we could do it better.
26 All right? That there was a better way to go about this. There's no great secret issues
27 here. I will hit on each one of the major points directly. If we just go back to the reason
28 that we're engaging this \$767,000 which was the exact amount of roll call that is really
29 all we are talking about here. All right. In other words, coming up with monies to ensure
30 we still meet our 3.5 percent target, not target, mandatory reduction. You will recall at
31 the Committee meeting where I specifically said we could do it but we certainly weren't
32 in favor of doing it. All right. And I went into some detail about the quality of the training
33 and the nature of training and how we have used it. That was not presented to urge you
34 to put it on a reconciliation list. I was responding I thought, and to questions, very
35 specific questions from the three members of the Public Safety Committee. All right. So
36 we learn and we continue to improve. When this was submitted, we had no vacant
37 position at the prerelease center. We were learning what the impact would be of the 2
38 percent savings plan of holding five correctional officers position vacant and also what
39 the impact would be of not having a records manager position. Well, now we are three
40 months further along. All right. In other words we have some life experience. And we
41 can do this and we can also restore all of the training that would have been lost in doing
42 the roll call. All right. Each one can be done. One, the records manager, we have been
43 operating without a records manager now since Carl Fuhr was promoted and moved to
44 pretrial and then right on top of that the two percent savings plan came into effect and



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1 all those positions were frozen. All right. We are going to take a captain from MCCF and
2 move that captain to MCDC who will take over overall supervision of records. Because
3 records is of critical importance in a large criminal justice agency. So the restructuring is
4 how we operate at MCCF with one less captain that we believe we can do without any
5 impact on safety on security. And remember, there is also another issue. I am sort of
6 glad I came early and picked up the questions when you were dealing with, so how are
7 we ever going to get less staff, you know, in the County. Well, the fact is financial issues
8 may force it anyway whether it be this year or next year if there is no money to pay
9 people. So we have to look at how we restructure certain work process. In working with
10 inmates we are not likely to see a reduction of staff based on IT as the inmate
11 population grows so we have to take a look at what we can do more efficiently that
12 wouldn't necessarily relate to the number of inmates coming into the system. We do get
13 better and more efficient, we can move a captain. All right. We are going to move a
14 captain who will oversee records in addition to other tasks. We can do that. We have
15 run without that position now for five months but frankly, I think it would be an egregious
16 lack of due diligence on our part considering that records in corrections is a small unit
17 anyway not to have senior supervision. We feel we can do that job.

18
19 Councilmember Andrews,
20 Okay.

21
22 Art Wallenstein,
23 That one position restores the training to about 60 staff members. In other words, you
24 are buying back \$1,700 of overtime factored into \$136,000 and you're putting
25 considerable money back into the roll call as it relates to training. The second issue, we
26 didn't have a vacancy at the prerelease center for the person who over sees the
27 physical plant operation. One of the Councilmembers raised the issue with us about
28 what about looking at some of these positions. I would never recommend laying off a 25
29 year veteran who is within a year of retirement who does meaningful work. This wasn't
30 something that wasn't important. But now the position is vacant. The person has retired
31 and gone and we have a way to restructure the work so that the unit manager
32 specifically, and Mr. Andrews knows this because he's followed our work for several
33 years, the unit managers that run the four units at PRC, if you remember when Stephan
34 came on board we reopened the last unit, which had never really been opened I don't
35 think since the place was built. It is now the women's unit. It has a somewhat smaller
36 population and the unit manager who engages that unit will also take over building
37 maintenance with some support from our deputy warden up at Clarksburg and the help
38 we get anyway through DPWT. The fact is we were able to come to you and say we can
39 do this work, save \$134,600 by abolishing a senior management position that had
40 heretofore been filled for 25 years and again restore considerable funds back into the
41 training for the roll call. Okay. Real savings. Gone forever. All right. Not to come back to
42 you in two months and say we made a mistake but gone.

43
44 Councilmember Andrews,



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1 Okay.

2
3 Art Wallenstein,

4 Okay. The third position is a mental health position that previously had been used to
5 provide supervision. Council is aware, I am sure, that there were issues within HHS and
6 Corrections where certain job titles weren't fully certified to supervise that had been
7 permitted to do so, when I say on the fly I don't mean irresponsibly, but didn't meet the
8 qualifications recently insisted upon by the state for clinical supervisory responsibilities.
9 We are able to abolish one position. We are now hiring PhDs who do not require that
10 level of supervision. The last two people we've hired for the crisis intervention unit have
11 been at the doctoral level. So it diminishes our need. Mental illness is not going away,
12 obviously. If I felt we were putting any one in jeopardy from this Director who built that
13 unit, I mean, and has expanded the mental health program I certainly wouldn't be
14 recommending bringing it down. We feel we can live well without that position and
15 restore again another full increment of training. This is a senior management, nonunion
16 position. All right. Let's get to the five correctional officers. We have been the
17 Department sort of begging you to stay at our heads on the overtime issue to call us to
18 task every week as we try to manage overtime. As you know we are waiting for the IG
19 report, the one Public Safety agency they didn't complete was Corrections. I won't even
20 hazard a guess what they are going to have to say because one, I am not supposed to
21 know and I don't know, and that report is most likely due imminently and I think they
22 hope to have it done for you by the time of the budget hearing. We will just have to wait
23 and see. Because of the mandatory two percent savings plan that the County Executive
24 imposed on all executive agencies for the remainder of this fiscal year we held five
25 positions vacant. So Art, why'd you hold them vacant? Well, we had a major step
26 forward. With the help of OHR we have now been allowed, and this isn't new, we have
27 been doing it to fill all the military position. We brought you that issue of a whole new
28 way of doing business, obviously, since the country is now sort of militarily run by the
29 Reserves and the Guard, that when someone disappeared it wasn't for two weeks it
30 could be for two to three to four years. We have folks both in Baghdad and at the mall in
31 Frederick, you know, doing recruitment work and every place in between. Thanks to Joe
32 Adler and working with Finance we are now filling those positions. Why? Because they
33 will never lose their jobs. With normal turnover we can bring a person back the day their
34 service is announced. That's given us some additional capability. Also in the Executive's
35 proposed budget this year, OMB is giving us additional funding for structural deficits, for
36 premium pay, and holiday pay that were always a core element in us overspending our
37 budget. Okay. A logical question for you to ask me, so Art, without these five positions
38 are you going to live within your budget? I don't know but we are certainly a lot closer to
39 having a feel for being in control of our overtime expenditure. There is still the County
40 cultural issues, and labor relations issues, and contract issues, you know, and history
41 on work attendance, and return to work, and sick leave that help drive that equation. We
42 have shown during the last five months at MCCF that in holding those positions vacant
43 there has not been a growth in overtime as it relates to those five positions because we
44 did reallocate some work. None of these are hopeful promises for the future. We are



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1 doing it with the absence of the one supervisory therapist position. The last thing I
2 wanted to do was get into an argument with the very Committee that has supported us
3 on our cuts. You know, I mean, it is hard enough to take them anyway and we had to
4 defend to you why we could do it and we can. We can do it better and that is why I
5 urged the Executive and also because I wasn't sure after some review we've done of
6 contract provisions and time keeping provisions whether I could deliver the full \$767,000
7 in savings on roll call. And you're used to getting straightforward information from us,
8 and whether it comes at the 11th hour or five weeks ago, where we weren't at that time,
9 I don't think I can deliver the 767. That is my explanation.

10
11 Councilmember Andrews,
12 Okay. That is a very good one. As usual. What is your reaction to an alternative of
13 abolishing the vacant five correctional officer positions?
14

15 Art Wallenstein,
16 I wouldn't abolish them. We are not going to fill them. I would continue to hold them
17 vacant, we won't fill them. Remember, they are not filled now so there is not a dime
18 going out in those positions. The reason I would suggest to you that we shouldn't just
19 abolish them, remember we all know and the Committee is well aware, we could be
20 forced to open the last housing unit without notice. I just brought copies of population.
21 Paul would you give these to Linda? She will pass them out. Okay. If the last housing
22 unit has to be opened, and we are within about 25 beds of having to open it because of
23 the growth. Whether we will get there or not I don't know. Of course we were operational
24 with the last unit opened on an emergency basis in 2006. But should we have to open, it
25 will take us 11 correctional officers to staff the unit and the hall posts that goes along
26 with it. And so, should we have to move in that direction I would like to have those
27 positions available. That choice really rests with you. Again, you are not being asked to
28 buy the Brooklyn Bridge. They are vacant already generating savings today. If we make
29 it clear and you make it clear that we have no authorization to fill them, plus our word
30 that we're just not going to fill them, it takes 6 months before they get operational
31 anyway once you hire somebody, they won't be filled.

32
33 Councilmember Andrews,
34 Okay. All right. So your argument is that this is a better way to save \$767,000 than the
35 original proposal of the roll call.
36

37 Art Wallenstein,
38 I missed your one sentence. I'm sorry.
39

40 Councilmember Andrews,
41 That's all right. What I hear you saying Art is that you believe this is a better alternative
42 to saving \$767,000 than reducing roll call from 30 minutes to 15.
43

44 Art Wallenstein,



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1 Absolutely without any hesitation. Had I have been there X number of months ago with
2 the vacancies and so on, I could not have in good conscience recommended reducing
3 the training hours that we gain from roll call. And obviously, if it weren't for the budget
4 reduction of 3.5 percent you wouldn't have seen this anyway.

5
6 Councilmember Andrews,
7 Right.

8
9 Art Wallenstein,
10 So that's where we are. Yes.

11
12 Councilmember Andrews,
13 I also hear you saying that this is more certain in terms of the dollars.

14
15 Art Wallenstein,
16 It is there already. There's only one of these positions that isn't generating the salary
17 that would be a DSR situation anyway. Everything else is currently vacant and not
18 costing money at present.

19
20 Councilmember Andrews,
21 Okay.

22
23 Art Wallenstein,
24 There is no overtime backfill for any of this work.

25
26 Councilmember Andrews,
27 All right. Well, given that, given that you have again lived up or surpassed my already
28 very high expectations for your responses to any questions I have, I am satisfied with
29 that and I am going to recommend that we agree to this as an alternate to the original
30 recommendation that came over of the roll call so we would replace that original
31 recommendation with this recommendation.

32
33 Linda McMillan,
34 I would just say, I would recommend, I mean, you'd have to, right now, he has
35 correctional officers positions that are funded in the budget that he is leaving open and
36 accruing savings. But for the appropriation you have to have zero dollars in these
37 positions for '09 and I would either recommend, I would recommend abolishing the
38 positions. I think having five positions with no money for an entire year in a budget is
39 really not the right way to go.

40
41 Councilmember Andrews,
42 Okay.

43
44 Council President Knapp,



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1 Councilmember Elrich has a comment and then.

2
3 Councilmember Andrews,
4 Yeah.

5
6 Councilmember Elrich,
7 I don't know if I want to go to the point of abolishing the positions because if he could fill
8 them and would fill them under better circumstances, I hear the argument for this, those
9 positions different than all the other positions you discussed were there were clear
10 management decisions that you could handle and you could adequately manage and do
11 what you need to do. Without those positions this seems to be just a reality that they are
12 vacant but I would assume that if you could have filled them you would fill them and
13 that, you know, filling them reduces overtime theoretically since they have to be filled by
14 somebody. So, I'm not sure I'd want to see the positions.

15
16 Linda McMillan,
17 They have no money in them.

18
19 Councilmember Elrich,
20 Well, they may have no money in them, but I don't want to abolish them and then
21 recreate them. I mean, if he comes back and analyzes and says, I actually need five
22 more staff positions a year from now and we're in a better situation, why would I want to
23 go through the process of.

24
25 Linda McMillan,
26 Not that big a deal to.

27
28 Councilmember Elrich,
29 Do I save anything if I abolish them as opposed to leaving them vacant?

30
31 Linda McMillan,
32 Well, you show what, you show what positions are truly being funded in the budget.

33
34 Councilmember Elrich,
35 I don't know. I think you show it if you say you are carrying them vacant for a year. I
36 mean, we do, we've done this with other Departments.

37
38 Linda McMillan,
39 We do.

40
41 Councilmember Elrich,
42 I mean, I'm not fixed, I'm not fixed either way. I just don't see any gain to do it and I
43 don't want to get in the debate about whether or not they should be added back. I think
44 that what he has demonstrated in terms of analyzing what he needs is a model for how



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1 things ought to be done in the County in general. I mean, to look at a vacant position
2 and look at how you could actually absorb functions among one or more existing people
3 rather than simply saying I got a vacancy, I'm going to fill my vacancy, is exactly the
4 way the County government ought to be looking at opportunities when vacancies come
5 on. And I really appreciate what you've done. I think this is a very, very thoughtful and
6 creative approach to dealing with what you, a difficult job you were asked to do and
7 you're going to produce us long term savings out of those positions rather than just one
8 year savings.

9
10 Art Wallenstein,
11 Please remember, instead of sort of going the training for 300 people, we believe we
12 found a way to engage a couple of issues without any negative implications. None of
13 this is particularly pleasant but it is what it is.

14
15 Council President Knapp,
16 Councilmember Leventhal.

17
18 Councilmember Leventhal,
19 Can't we accomplish exactly the same thing through an adjustment to lapse?

20
21 Linda McMillan,
22 I mean, you can do it any way you want. Lapse, then never really changes and then
23 your lapse gets totally out of whack and, I mean, unless you think these positions are
24 going to come back in fiscal 10, you would be better off just abolishing them.

25
26 Councilmember Leventhal,
27 Okay. Well, Linda.

28
29 Linda McMillan,
30 I mean, I'm just saying that as staff but you can do it through an adjustment to lapse and
31 take the money out.

32
33 Councilmember Leventhal,
34 As I always say to my constituents, I appreciate having the benefit of you views.

35
36 Linda McMillan,
37 Yeah. [laughter].

38
39 Council President Knapp,
40 Councilmember Leventhal.

41
42 Councilmember Leventhal,
43 Well, that was my question.



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1 Council President Knapp,
2 Okay.

3
4 Councilmember Leventhal,
5 Can't we accomplish the same thing through an adjustment to lapse?

6
7 Council President Knapp,
8 Councilmember Berliner.

9
10 Councilmember Berliner,
11 Director Wallenstein, I appreciated your explanation. I wasn't here but I was listening
12 and I am supportive of your desires in this regard and will support the Committee Chair
13 and his desires to affirm your conclusions. I think you are one of our best public
14 servants and I give you great deference in matters of this nature.

15
16 Councilmember Andrews,
17 Yeah, I do as well. And I think that when, I think we want to encourage Departments to
18 look for permanent savings and that's what you're proposing in terms of the three
19 positions that would be abolished, is permanent savings. And we need to find
20 permanent savings whenever it can be achieved reasonably and without impacting
21 public safety, in your case, or in other Departments, impacting the core mission of the
22 Department.

23
24 Art Wallenstein,
25 You understand very well that when you push and pull one part of the criminal justice
26 system, you definitely impact around the system, but we've been through a spike and as
27 you know, we immediately go into overtime, you know, filling 24/7, but at least we can
28 get the job done. In other words, we've never been unable to get the job done. The
29 question for all of us is, where's the count going to go and some of that is just
30 intellectual guesswork at best. And if we have to open the last housing unit, we'll fill it
31 and we'll spend a bunch of overtime, but we'll staff it and we won't impact public safety,
32 and we would come back to the Public Safety Committee, of course, almost
33 immediately and you see our population data, and it's creeping up, but we don't want to
34 bring you mindless guesswork. It is what it is.

35
36 Councilmember Andrews,
37 All right. Well, let me see if there are any other comments on this. Any questions about
38 it? Okay. All right. Okay. We will monitor it as we pay close attention to the good work
39 you do. You are.

40
41 Council President Knapp,
42 I guess the only comment I would make is this kind of goes into, I very much appreciate
43 the Director's explanation, and unfortunately, there are a number of items like this that
44 we're seeing kind of throughout the budget that are things that I'm fearful are going to



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1 come back during the course of this next year and have an impact on next year's
2 budget. And I am hopeful and I think probably of all the explanations I have heard, yours
3 is the most solid and probably have the best track record to implement that. But I think
4 that there are a number of elements in the budget as proposed, as recommended by
5 the Executive, we had a discussion about this yesterday as it related to the Liquor Fund,
6 that the likelihood of achieving the numbers that are hoped for are kind of rolling the
7 dice and we hope we get there and so, at a time when we have had conversations
8 about the difficulty of the economy, I know many of my colleagues have had meetings
9 with representatives from the Executive Branch telling us how dire the consequences
10 will be, that I'm intrigued at some of the proposals that have come over. And I
11 appreciate the explanation, and this is not directed at you because I know that the
12 answer that you provided, you will provide due diligence to get there. I just think there's
13 going to be an awful lot of things that we're going to see in the course of supplementals,
14 we saw the snow supplemental come over a couple days ago, some very interesting
15 things and they all of a sudden become storm related activities. Trying to fill a gap. I fully
16 expect that we will see a lot of that during the course of the next year because I think
17 there's a lot of stuff out there that isn't going to come true. And so, I appreciate that. I
18 will go along with my colleagues as it relates to this but I, given the explanation that the
19 Director has provided, but I think we're going to spend an awful lot of time looking at an
20 awful lot of expenses next year, some from some very odd places and being funded in
21 very interesting way. So, I just put that out there right now.

22
23 Councilmember Floreen,
24 So true.

25
26 Councilmember Andrews,
27 Okay. And I would say that, although the Director's advocacy for this alternate is a very
28 persuasive one and a compelling one, it is unfortunate that we received this yesterday
29 afternoon after having worksessions, after having a lot of other consideration and
30 analysis went in and I would say that I hope that we can avoid that in the future. We're
31 always interested in better ways of doing things but it's unfortunate to have it come over
32 so late and without the very good arguments made by the Director, I would not have
33 accepted it.

34
35 Art Wallenstein,
36 That is totally the fault of the Director. OMB had nothing to do with this. This was – up
37 here and I am responsible for this being delivered to you at the 11th hour.

38
39 Council President Knapp,
40 And that you say that is the reason that we very much appreciate the fact that you're in
41 the position that you are.

42
43 Councilmember Leventhal,



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1 Yeah, Art Wallenstein, you are a stand up guy, but the reality is, is that this change
2 came in response to concerns expressed by the employee organization and a way to
3 avoid last minute changes in future might be to have earlier dialogue, and I'm speaking
4 to OMB now.

5
6 Unidentified
7 Exactly.

8
9 Councilmember Leventhal,
10 With the employee organizations rather than surprising them and having this sort of
11 attenuated debate play out in the midst of the budget process. It takes a year to put a
12 budget together and when the economy is bad, it's no secret, it's well known to
13 everyone, and so had there been, if we were going to backtrack and change our course
14 in response to concerns expressed by employee organizations, to do that in May, and
15 I'm not blaming you Art, you're a stand up guy, you took full responsibility even though
16 you don't deserve it, you know, you're fabulous, but it would have been better to have
17 had that conversation with the employee organizations in February.

18
19 Council President Knapp,
20 Well stated.

21
22 Councilmember Andrews,
23 Okay, very good. All right. Now, there are, let me see, there are a number of, the packet
24 is thorough, there were responses as you can see in the packet to the
25 recommendations that were made by MCGEO on potential savings, I don't know that we
26 need to go into any detail there. I thought the responses provided by the Department
27 were very persuasive about why they went with their recommendations and stuck to
28 them and did not agree to the recommendations that were suggested by MCGEO as
29 better than theirs. So, that is provided in the back in a lot of detail, good explanation. I
30 think we've covered the major issues. Linda is there anything else that you think that we
31 need to get to? Okay. All right. Well, if there are no other questions.

32
33 Council President Knapp,
34 Without objection.

35
36 Councilmember Andrews,
37 We'll recommend that budget and the alternate. Thank you.

38
39 Council President Knapp,
40 Thank you very much.

41
42 Unidentified
43 Thank you.



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1 Unidentified

2 Thank you.

3
4 Council President Knapp,

5 Okay, we now turn to the Department of Permitting Services, and for the benefit of my
6 colleagues and those here since we have to, I know a couple colleagues have previous
7 commitments and we also have a meeting with WSSC, it is my hope that we will be able
8 to conclude this in the next 45 minutes or so at the latest and it may go more quickly
9 depending upon the questions or comments that colleagues have. I will turn to the
10 Director for any brief remarks that she may have, after introductions of the team, any
11 brief remarks that you may have.

12
13 Carla Reid,

14 Thank you, and we appreciate this opportunity to speak with you today. My name is
15 Carla Reid, the Director of Permitting Services. And I'll ask my staff to introduce
16 themselves as well as OMB can introduce themselves.

17
18 Reggie Jetter,

19 Reggie Jetter, Department of Permitting Services.

20
21 Chris Molin,

22 Chris Molin, OMB.

23
24 Mary Beck,

25 Mary Beck, OMB.

26
27 Unidentified

28 Division Chief for Building Construction.

29
30 Tom,

31 Tom, IT Manager.

32
33 Council President Knapp,

34 Welcome, everyone. The Department of Permitting Services is unique to many of our
35 Departments because it is funded through part of an enterprise fund, meaning the
36 financial activities within this fund is distinct from the general fund, which makes them
37 both more subject to the whims of the private sector than perhaps some of our other
38 organizations but also requires that they are much more responsive to some of the
39 changes that are out there in the world which I think makes them unique and significant.
40 As a result, even if we were to go find lots of savings, there is, because it's an enterprise
41 fund, it doesn't actually accrue to our base budget expenditures, so it's not something
42 we can use for something else. So, we had a good conversation with the Department,
43 had a long conversation particularly as it related to customer service activities, I will
44 quickly walk through the elements, see if any colleagues have any questions that they



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1 may have. If you look on page two of our packet, you can see what their work years and
2 total personnel expenditures look like, about 217 work years is recommended going into
3 next year. There are very little adjustments out of, if you look at the bottom of the chart
4 on page two, you can look at some of the other additions, adding the credit card
5 acceptance fees which actually has been brought up earlier, it's just a standard part of
6 doing business to try and get to that point where we can actually use credit cards which
7 is a significant step forward, which we like. Adding additional resources for the green
8 building law implementation, which I think during the course of the legislation that the
9 Council passed a couple weeks ago we had discussed that as well as to the need to
10 address previous green law, green building activities and then there was a discussion
11 we had as it related to the Clarksburg Ombudsman position. I think the concern that
12 was raised on the part of the Committee was, why is this funded through DPS? And I
13 think that's been a question that we've had since the position was created, when it was
14 first brought up the expectation was that that position would actually be within the
15 Executive Office and that was my expectation that that's where it should have been,
16 would have been, and that was one of the questions that we had raised. I don't know if
17 this actually had come up at the MFP. That was one of the questions that had been
18 raised, if the MFP Committee discussed as they reviewed the County Executive's
19 budget at all.

20
21 Councilmember Trachtenberg,
22 Yes, it actually did come up and we placed the item on the reconciliation list.

23
24 Council President Knapp,
25 Excellent. Excellent.

26
27 Councilmember Trachtenberg,
28 We do see the need to have the position funded. We think it's a critically needed
29 position.

30
31 Council President Knapp,
32 Well, and I don't think there's a question there, and so I appreciate the MFP Committee.
33 The question is, where does it report to and I think the Council this year has been
34 focusing on kind of making sure people are doing the functions somewhere near the
35 Departments that they should be doing them with and so there are actually some
36 proposals in Economic Development that reflect that as well and so I think it's good
37 move to try and get the people closer to where they're doing the job. So, I think that
38 makes sense. If we look at the revenues that we have, enterprise, DPS, say again? If
39 we look at the DPS revenues, they are a key component of the budget, fees on a variety
40 of ways, the Council will approve fees set by resolution on May 14th, the method two
41 and method three fee changes will be reviewed when they are received from the County
42 Executive. FY08 estimated revenues are about \$1.2 million below the original budget
43 and so there are, we could dip into the fund to address that. The biggest issue that we
44 addressed was, if you look on page four, the PHED Committee recommended approval



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1 of the Ombudsman DPS fee resolution with the following change. There were some
2 fees that had actually been identified as potential punitive in nature and couldn't be
3 really fees. And so we made that change, so the language that you see underlined on
4 page four reflects that modification. As part of the Ombudsman resolution, the PHED
5 Committee recommended approval of the increase in annual fee for enforcement from
6 200 to 290. While this fee continues to go up substantially each year, that's interesting.
7 It's always fun to see. And you can see the attached correspondence on circles 50 and
8 54, the direct costs indicate we're still not recovering all of the costs with this revenue
9 and Council staff suggested additional text be added to the background section of the
10 resolution knowing that the increase recommended for the special exception
11 enforcement fee. Council staff is concerned, we are concerned a little given the revenue
12 shortfalls that we've seen from '06 to '07 and that the '09 revenue projections may be
13 optimistic. We just touched on that a little bit in the last discussion. However, the
14 Permitting Services fund has substantial cash on hand unlike the funds that we dealt
15 with in Park and Planning as it related to Park and the administration fund, there are
16 resources that exist within DPS to actually cover such a shortfall. Councilmember
17 Floreen.

18
19 Councilmember Floreen,
20 I don't have anything.

21
22 Council President Knapp,
23 Okay. As it relates to the fund balance last year, it was recommended that the revised
24 fund balance policies for Permitting Services fund other funds effected by the fund
25 balance change, developed by the County Executive and MFP may wish to discuss this
26 with OMB and Finance staff or not. Other additional issues as related to.

27
28 Councilmember Trachtenberg,
29 We did.

30
31 Council President Knapp,
32 Very good. As related to lapse, given the fact that we don't accrue any additional
33 savings, regardless of what lapse number we pick, we've discussed this, there are a
34 number of open, vacant positions at this point in time, about eight of which I think are
35 anticipated to be filled and so we'll continue to monitor that but I'm expecting given the
36 fact that it's coming out of an enterprise fund, the Department will monitor this closely as
37 we will.

38
39 Councilmember Trachtenberg,
40 Yeah.

41
42 Council President Knapp,
43 And then we had a brief presentation on customer service which has been a pending
44 discussion for many months and DPS is taking a number of steps to address its



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1 customer service issues to really make significant improvements in measurable ways
2 that we will be able to continue to monitor over the coming years. Which I think will be
3 important especially as fees have increased, recognizing different market conditions
4 and I think it's going to be important for customers to understand how they're getting
5 their best bang for the buck and when they're not feeling that, why they're not feeling
6 that. And so I am hopeful that the customer service elements that are being proposed
7 and put in place will give us that. The final issue is as it relates to IT. The budget
8 recommended \$400,000 for desktop replacements as an enterprise fund. DPS
9 replacements funded out of DPS budget revenue of the County NDA, \$700,000 was
10 included for upgrade to the DPS Hanson permit software, but that's where Ms. Floreen's
11 comment is. I forgot about that. And so we're addressing that as well and we'll get to the
12 current version won't be serviced until after December 2010. There was some
13 significant discussion, as Councilmember Floreen will expand upon in just a moment, as
14 it related to the interaction of DPS and Park and Planning, since they are working off the
15 same Hanson system, there is a lag between the two elements and I will let
16 Councilmember Floreen ask her question because there was a significant back and
17 forth between DPS, Park and Planning, and the Councilmember as a, following our
18 Committee discussion. So I will turn to Councilmember Floreen at this time.

19
20 Councilmember Floreen,

21 Thank you, Mr. President and Mr. Chair. Carla, what are we going to do about the
22 relationship with Park and Planning on this data issue? As I recall, you, DPS worked
23 diligently to achieve what the Committee had asked you to do, you entered into an
24 agreement as I understand it with Park and Planning, and went down the path that we
25 directed which wasn't actually your choice and apparently, Park and Planning said nuts
26 to this and went off on their own road, so you were out extra money as I understand it
27 and Park and Planning, and you can't communicate with Park and Planning because
28 they didn't adhere to that memorandum of understanding, is that a fair summary?

29
30 Carla Reid,

31 Yes, that's a fair summary. There were some things that we were actually, well, Park
32 and Planning can get the data that they have been getting since the time the initial
33 interface was put in place, but we were looking to receive some information on site
34 plans and other things that the MOU would have provided had we gone all the way with
35 executing it. I don't, I can't blame anybody for anything actually.

36
37 Councilmember Floreen,

38 I appreciate your not throwing stones except to experience frustration.

39
40 Carla Reid,

41 Yeah.

42
43 Councilmember Floreen,



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1 And I am very concerned about this because there has been a commitment on your part
2 as well as expenditures associated with this.

3
4 Carla Reid,
5 Right.

6
7 Councilmember Floreen,
8 I don't know the way out of it. But, I would ask that you advise us as to how we can help
9 you in terms of reconciling this problem. It's a really big problem and I don't think I knew
10 about this when we had Park and Planning here the same way. It came up later. But I'm
11 very concerned about the relationship and it also goes to the real relationship in terms
12 of coordinating of activities, of the lead agency function, of the role of Park and Planning
13 with respect to DPS, with respect to building permits, and how customer service
14 expectations are being addressed.

15
16 Carla Reid,
17 Right.

18
19 Councilmember Floreen,
20 We actually don't have a category of customer service for Park and Planning which we
21 probably, is probably the more important one. But I think we need to have some kind of
22 summit or, between you and Mr. Stanley at Park and Planning as to how to we can
23 resolve these issues.

24
25 Carla Reid,
26 Right. I am so open to a forum like that because my concern ultimately is on the
27 development process and what impact it has on people who depend on us to, you
28 know, complete all the things that they need to get their business done. There's quite a
29 bit of room for improvement.

30
31 Councilmember Floreen,
32 So, I would suggest to the Chair of the Committee that we schedule a meeting, a
33 Committee meeting on the lead agency relationship between DPS and Park and
34 Planning in the next couple of months so that we can address these issues and have
35 some real conversation with the right players at the table as to how we can overcome
36 these challenges. At this point, you are out money on some things.

37
38 Carla Reid,
39 And a product.

40
41 Councilmember Floreen,
42 That's like, you know, another part of the conversation. So the issue of coordination with
43 which people have, we thought entered into with optimistic and cooperative spirit has
44 not been as, produce the results that we had hoped for.



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1
2 Carla Reid,
3 Right.

4
5 Councilmember Floreen,
6 So, I think the best way Mr. Chair is for us to step in to at least require an agreement be
7 entered into that we have a chance to have a talk with them about it to address some of
8 the points so that we don't keep hearing a, the kinds of concerns with respect to
9 unnecessary expenditures and staff time from DPS as well as a customer issue, at
10 least, I'm hearing on a almost daily basis now. It's, there's a lack of clarity as to who's in
11 charge of what at this point in time.

12
13 Council President Knapp,
14 No, I appreciate the Councilmember's interest, because this is something that presented
15 itself three or four years ago, we saw in very clearly in the community Clarksburg, the
16 lack of coordination.

17
18 Councilmember Floreen,
19 I'm afraid we're going down the same exact road.

20
21 Council President Knapp,
22 Right. Well, and what often happens is you get a lot of focus for a short period of time,
23 everyone jumps in and we're going to try and fix it and then the crisis disappears. And I
24 think that for the benefit of our residents who see County government as County
25 government, not Park and Planning or DPS or DPWT or anything else, it's our job to try
26 and get people as coordinated as we can. And so I think that will be a mission for the
27 coming months.

28
29 Councilmember Floreen,
30 Yes. So, if we could put that on the list of many items to revisit. Thank you.

31
32 Council President Knapp,
33 Okay. Councilmember Berliner.

34
35 Councilmember Berliner,
36 Thank you Council President, Director Reid, your mission is expanding.

37
38 Carla Reid,
39 Yeah.

40
41 Councilmember Berliner,
42 And is likely to expand further. I note that you need additional resources to implement
43 our green building law.
44



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1 Carla Reid,
2 Yes.

3
4 Councilmember Berliner,
5 I assume eventually you're going to need some additional resources to implement our
6 Energy Star law as well that I doubt is reflected in the budget projections that you gave
7 us. I'm looking forward to hearing how you are going to be able to assume those sets of
8 responsibilities and ensure that our builders who are complying with this are able to do
9 so in a timely manner that we don't hold them up given the other burdens that we're
10 asking them to bare, I think appropriately, but nonetheless are burdens. In addition, this
11 Council will be taking up this year, mansionization/infill development work with will have
12 ramifications for your Department and potentially a local tree ordinance legislation which
13 will also be part and parcel of responsibility that you will probably be asked to assume.
14 You've got a lot going on.

15
16 Carla Reid,
17 Yes.

18
19 Councilmember Berliner,
20 And you had a lot going on. Actually, there are many of us hope that you have more
21 going on when the economy does pick up a bit and allows for there to be more vis-a-vis
22 activities opposed to less activity, but I don't envy your task and I look forward to
23 working with you as you achieve this mission. I wanted to raise the smallest of points
24 and it was in circle four when I look at the sign permitting set of issues, where your
25 budget is being reduced in that field by I believe 50%, if I look at that correctly. If you
26 look down on circle four, you'll see that you've reduced it from \$165,000 to \$80,000 in
27 expenditures, a 51.3% reduction.

28
29 Unidentified
30 Revenue.

31
32 Councilmember Berliner,
33 Revenue. Okay, thank you, I appreciate that clarification. My question to you really
34 relates to temporary signs. And I confess, this is one of those things that drives me wild,
35 and to the extent to which this has been a topic of conversation. [laughter]. I mean, it is
36 like dandelions. It is dating services, it is piano lessons, it is lawnmower services and
37 these signs are everywhere. I assume almost all of them are illegal. Or am I, if I'm
38 wrong, in that regard, please so advise me.

39
40 Carla Reid,
41 I guess it depends on where they are. Yeah.

42
43 Reggie Jetter,
44 It depends on where they are, but we get, every day, we get complaints about signs.



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1
2 Councilmember Berliner,
3 And what happens? I mean, given that everybody that puts up a sign has a telephone
4 number, that says, call me. Yeah, right. If they're illegal, what happens?

5
6 Reggie Jetter,
7 Well, if they're illegal, we can do one of two things. If we can take them up ourselves,
8 we'll do that. If we can't, and then, and we also follow up with trying to find out who
9 placed the signs there and take some enforcement action.

10
11 Councilmember Berliner,
12 What's the nature of the enforcement action, because I don't believe that our taxpayers
13 should be, or builders should, or anybody else that provides revenue should be paying
14 for you to take down these signs. I think those who have unlawfully put these signs up
15 should be penalized to the point where they're paying for taking these signs down. Does
16 that happen?

17
18 Reggie Jetter,
19 Yeah, I mean, you're correct. We do follow up with enforcement actions, trying to find
20 out, once we find out who put them down, we would issue them a notice of violation or a
21 citation, whichever is appropriate, and we would follow through with that.

22
23 Councilmember Berliner,
24 Well, I would appreciate getting information from you as to how often that has taken
25 place and what, how many citations have been issued, to whom, what action has been
26 done. Because I do, I don't hear about this. It is a source of personal aggravation that I
27 drive through the community and I see these signs and I go, no. They don't belong here.
28 It's not appropriate and if it is lawful, that's fine. But I'm assuming that 80% of them are
29 not and that they should be fined enough so that it deters people from doing this.
30 Because I don't get how if you crack down on these people, the word doesn't go forth
31 that this isn't a safe thing to do. It will cost you a lot of money, and if somebody has a
32 telephone number on it, I don't get how you aren't able to track them down to fine them
33 appropriately. Do you have enough fining authority to stop this?

34
35 Reggie Jetter,
36 Go ahead.

37
38 Carla Reid,
39 Well, we have actually, with that \$500 which was going to be a fee.

40
41 Councilmember Berliner,
42 Yeah.

43
44 Carla Reid,



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1 And we found out that wasn't possible to do. But within the scope of having the citation,
2 which is \$500, we can actually assess that once the new fiscal year begins. So we have
3 the ability to do that.

4
5 Councilmember Berliner,
6 Previously, your ability was what?

7
8 Carla Reid,
9 How much was it, Reggie?

10
11 Reggie Jetter,
12 Signs have been \$500 for, I mean, citation has been \$500 for a while.

13
14 Councilmember Berliner,
15 How many citations have you issued at that amount?

16
17 Reggie Jetter,
18 I don't have the number with me.

19
20 Carla Reid,
21 For signs, probably not that many.

22
23 Councilmember Berliner,
24 I am interested in this because I really don't understand how this behavior could persist
25 if in fact we were enforcing this in a rigorous manner and, so if, I'm sure I need to be
26 educated with respect to this, but it is a source of personal pique.

27
28 Reggie Jetter,
29 And we can get the information for you, but, you know, for zoning investigators we have
30 five for the whole County, so that's, who are investigating other complaints, other than
31 sign complaints as well. So, and these, most of the signs, I'm guessing you see on the
32 weekends, or is it during the week?

33
34 Councilmember Berliner,
35 It seems like it. It seems like every day as far as I'm concerned. But, I've abused your
36 time enough, I think you understand my concern.

37
38 Carla Reid,
39 Yeah.

40
41 Councilmember Berliner,
42 I would like to see exactly what we've done in this field and whether you believe there is
43 more that should be done and can be done. Thank you.



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1 Council President Knapp,
2 Thank you. Councilmember Floreen.

3
4 Councilmember Floreen,
5 I just want to comment on this, there is a lengthy history to a certain degree on this
6 issue stemming from District 1 and actually, free speech concerns, particularly with
7 respect to, of course, one of your favorite subjects, the mansionization issue which
8 caused us actually to change the rules to allow signs for, without, I think without any
9 restriction on duration within, at least on private property. The challenge for them, of
10 course is where private property ends and public property begins and of course the
11 state has a role in all of that with respect to right of way. But there are some issues as to
12 the nature of speech that we can regulate as well, that's been a challenge in all of this.
13 But luckily for the public, political signs can forever exist and that is, that's an added
14 benefit to our community. So, we look forward of course to revisiting that issue if you
15 want to get us there.

16
17 Council President Knapp,
18 I have one question that kind of relates to the question earlier on the Cable Fund. Has
19 there ever been a time in the use of the enterprise, DPS enterprise fund that those
20 resources have been allocated or reapportioned by either branch of government to fund
21 general fund activities?

22
23 Carla Reid,
24 No.

25
26 Keith Levchenko,
27 I would say, the, the, when DPS was first formed, it required essentially a loan from the
28 general fund to get the funds started.

29
30 Council President Knapp,
31 Right.

32
33 Keith Levchenko,
34 And monies were paid back to the general fund over time and that is somewhat
35 subjective in terms of how much you pay back based on interest and time. And so,
36 several years ago, the current County Executive had recommended some additional
37 payments based on some revised interest assumptions but it was still based on the
38 original payback concept, so there's not an assumption that DPS can be raided per se
39 to cover general fund activities. It has to be based on some.

40
41 Council President Knapp,
42 Justification.

43
44 Keith Levchenko,



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1 Justification based on borrowing previously from the general fund.

2
3 Council President Knapp,

4 So, with that previous reassessment of interest owed to the general fund, does, was
5 there some policy associated with that that said that DPS has now made full restitution?

6
7 Keith Levchenko,

8 Yeah. It was assumed at the time that that was it.

9
10 Council President Knapp,

11 That was it.

12
13 Keith Levchenko,

14 Yeah.

15
16 Council President Knapp,

17 Very good, just curious. Councilmember Berliner.

18
19 Councilmember Berliner,

20 I just wanted to follow up on that and ask whether, what the rationale is for DPS being
21 an enterprise fund and whether that rationale still exists and whether on a going forward
22 basis one could modify that in a manner in which those funds would be available. I
23 understand why you need to charge for the services. We have lots of, we just had
24 conversation in HHS Committee with respect to restaurants paying a fee with respect to
25 services that they require in terms of inspection. So my understanding is that it is not
26 necessary for you to be able to charge for your services to be an enterprise fund, what
27 is the overarching rationale for this Department to continue to operate as an enterprise
28 fund? That's my question.

29
30 Keith Levchenko,

31 Well, I mean, ultimately it's a policy issue.

32
33 Councilmember Berliner,

34 Ah.

35
36 Keith Levchenko,

37 The consolidation that occurred in the late 90s, brought a number of permitting functions
38 together from different departments and created the enterprise fund and I believe there
39 probably is now language in the County code that would restrict the collection of the
40 fees to cost recovery, so to the degree you're spending money and limited to 100% or
41 less cost recovery, you would actually not have any additional resources available for
42 other purposes anyway. But whether it needs to be a separate enterprise fund to
43 accomplish that is just an issue for the Executive and the Council to decide, it's not set
44 in stone that it has to be that way.



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Councilmember Berliner,
Thank you.

Council President Knapp,
Okay. Councilmember Floreen. What he said.

Carla Reid,
Well, I mean, if we're not in enterprise fund, that means we'll be tax supported is that correct?

Council President Knapp,
Right.

Carla Reid,
And then that means everybody who's not having to permit something is paying for supporting people who are trying to get some building or.

Council President Knapp,
That's okay. Quick gaff. That's all right. Okay, further comments? Then we have before us the Committee's recommendation for the Department of Permitting Services budget? I see no objections, it will go, move forward.

Carla Reid,
Okay.

Council President Knapp,
Thank you all very much.

Carla Reid,
Thank you, and I forgot to mention to you all that this is building safety week, and so we're celebrating and trying to make sure that we raise our consciousness of what we're doing, what our mission is.

Council President Knapp,
Excellent. Thank you very much.

Carla Reid,
Thank you.

Council President Knapp,
We'll now try to move fairly expeditiously through the next five items which actually I think can be done. We'll turn to the Department of Economic Development. Mr. Ganguly, if you would join us. This was a fairly quick discussion on the part of the



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1 Committee. I'll do introductions. Just for the benefit of those viewing, if you could
2 introduce yourself.

3
4 Pradeep Ganguly,
5 Good morning Mr. President and members of the Council. I'm Pradeep Ganguly,
6 Director of the Department of Economic Development.

7
8 Council President Knapp,
9 Welcome.

10
11 Peter Bank,
12 Good morning. I'm Peter Bank, Division Chief of Finance and Admin and Special
13 Projects.

14
15 Council President Knapp,
16 And Alex is still here.

17
18 Alex Espinosa,
19 That's right. Alex Espinosa, Operating Budget Coordinator.

20
21 Alison Dollar,
22 Alison Dollar, OMB.

23
24 Council President Knapp,
25 Welcome. Our discussion was fairly short in that it was actually one of the first
26 discussions that this current PHED Committee has had as it relates to Economic
27 Development and recognized that a broad understanding of strategy and plans were not
28 necessarily as clear as all of us wanted to have them be and so there was not a lot for
29 us to kind of go back and forth on as it relates to the Executive's recommendations. So,
30 with one exception, we've pretty much assumed the Executive's proposed budget,
31 however, we did recognize that there is significant need especially during a time of
32 recession for us to have a better understanding of what we're doing in the area of
33 Economic Development and what our strategies will be, and so we already have
34 worksessions scheduled in June and July in which we will spend serious time with the
35 Department of Economic Development to understand what that is and what our
36 activities and outreach will be or have been. The only significant shift was the
37 Committee unanimously recommended shifting a business development specialist
38 position in the Wheaton Redevelopment Office Department of Economic Development.
39 An effort that was raised by Councilmember Elrich in an effort to try and get people
40 aligned with the functions of the Departments in which they're working, as opposed to
41 having people doing Economic Development or other activities in kind of various other
42 functions throughout County government. So I think that's a good idea and that was
43 unanimous on the part of the Committee. I'll turn and see if my colleagues have any
44 other comments. Councilmember Elrich.



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1
2 Councilmember Elrich,
3 I just wanted to say, that first, I hope is a first step towards a realignment of Economic
4 Development activities, they do not belong in two different Departments, we do not need
5 one Department doing one thing for example, investing money in a project and another
6 Department pulling out the resource person who is supposed to help develop the
7 project. So, I think this Department needs to be unified, all Economic activities with a
8 clear Director or a clear person who's in charge of small business activities. But I look
9 forward to a discussion about that over this year.

10
11 Council President Knapp,
12 Excellent. Any other comments on the Department of Economic Development budget? I
13 see none. Okay. We'll now turn to Agenda item number four.

14
15 Pradeep Ganguly,
16 Thank you very much.

17
18 Council President Knapp,
19 Which is Economic Development Fund.

20
21 Pradeep Ganguly,
22 I'm back.

23
24 Council President Knapp,
25 You're back.

26
27 Pradeep Ganguly,
28 I'm back in my chair.

29
30 Council President Knapp,
31 The PHED Committee unanimously recommends that the Council approve the
32 Economic Development Fund budget submitted for \$802,440. The Committee also
33 unanimously recommended placing \$100,000 on the reconciliation list in two increments
34 of \$50,000 for impact assistance program which provides grants to small businesses
35 impacted by County revitalization projects, specifically in response to a letter that was
36 submitted to us by Councilmember Ervin but also to continue on projects such as taking
37 place in Germantown and in Clarksburg specifically now where County efforts have had
38 some impact on those businesses as well and to that end, I actually wanted to ask, I
39 had received a message the other day as to the status of efforts dealing with
40 businesses in Clarksburg, and I don't know if you can talk to where we are with any of
41 them.

42
43 Pradeep Ganguly,



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1 I'll be happy to address that. And Peter, please join me with specific data. We have thus
2 far received four applications from four businesses in Clarksburg, we are reviewing
3 them and it's our intent to support them to the extent we can.

4
5 Council President Knapp,
6 Okay. And what's the timing of that?

7
8 Peter Bank,
9 Process wise, we still have yet to meet two of them in face to face fashion. We – past
10 tax financial statements which will contrast their loss versus their expected return on
11 their investment, so time wise, I think it will be about three to four weeks process before
12 we finish the current pending application on the four. We still have five other candidates
13 which we hope to meet with -- introduction sometime next week, so hopefully we're
14 expecting three or four more applications coming from the remaining clusters of
15 businesses up there.

16
17 Council President Knapp,
18 Okay. And so, we've been in contact with those four who you have applications from?

19
20 Peter Bank,
21 Yes, we have.

22
23 Council President Knapp,
24 Okay. All right, very good. Councilmember Floreen.

25
26 Councilmember Floreen,
27 Thank you. Councilmember Ervin had expressed concern in her memos in the packet,
28 we talked about it a bit about assistance to small businesses and I can't recall from the
29 Committee session if we got an answer as to why we had not spent the money in the
30 Fund as of this time, there's 160,000 that you're telling us would be carried over. Are
31 there no demands on that?

32
33 Peter Bank,
34 There are two, status of accounting, number one, because this Fund is co-administered
35 with the Department of Finance, the Department of Finance does not recognize our
36 obligations unless there is offer accepted. On the other hand, we have count
37 transactions based on our ability to issue an offer. So based on the current tally
38 including what I've informed Mr. Knapp about, four applications in Clarksburg, current
39 sitting balance on the fund is \$53,000 as opposed to \$160,000.

40
41 Councilmember Floreen,
42 So, in other words, you have requests for \$100,000 worth of assistance that you have
43 not.



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1 Peter Bank,
2 Yes.

3
4 Councilmember Floreen,
5 Cut the check?

6
7 Peter Bank,
8 Correct. That is correct. Right.

9
10 Councilmember Floreen,
11 But you still have \$50,000 that's available?

12
13 Peter Bank,
14 We currently have \$53,000 however, if the remaining three or four more businesses
15 from Clarksburg apply, those funds will be depleted in a matter of weeks.

16
17 Councilmember Floreen,
18 Okay. If you could keep us posted.

19
20 Pradeep Ganguly,
21 Yes. We will.

22
23 Councilmember Floreen,
24 Thank you.

25
26 Council President Knapp,
27 Councilmember Leventhal.

28
29 Councilmember Leventhal,
30 I support Councilmember Ervin's initiative, but I don't understand why it isn't already in
31 the base, we've been doing this year after year, are we increasing the program that
32 already exists? Is that what's going on?

33
34 Council President Knapp,
35 Yes, we're adding an additional \$100,00.

36
37 Councilmember Leventhal,
38 Above and beyond the program that was created a few years ago by Mr. Perez and Mr.
39 Denis.

40
41 Council President Knapp,
42 Right.

43
44 Councilmember Leventhal,



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1 Okay, thank you.

2
3 Council President Knapp,

4 Further comments, I don't see any. This will also be rolled into the broader Economic
5 Development discussion we'll have in the summer and I just wanted to, while I see
6 Jeremy sitting in the audience, commend the Department for their distribution and
7 disbursement of funds to our agricultural community as it related to the drought that we
8 experienced last summer for many of our farmers out there who are, I won't say they're
9 happy because clearly, they all took a significant economic hit, but certainly the
10 resources that they were provided from the County will allow them to continue to remain
11 viable and apparently we're getting sufficient rain this year, so hopefully things will
12 continue on in the right direction. So thank you all very much for your efforts.

13
14 Pradeep Ganguly,

15 In fact, if I may add, Mr. President, they're very appreciative and they want to honor you
16 and County Executive Leggett along with the Councilmembers at a reception fairly
17 soon.

18
19 Council President Knapp,

20 Very good. We always like a party. Okay, thank you very much. That is sufficient for the
21 Economic Development Fund. I see no objection. Our Agenda item number five, Life
22 Sciences and Technology Centers. PDF number, I won't tell you the PDF number. CIP
23 budget adjustment, 125,000. The PHED Committee recommended that the Council
24 approve the request \$125,000 Life Sciences and Technology Centers PDF for the East
25 County Center for Science Technology and that the PHED Committee has also
26 identified this as a project that we will have much follow up discussion on come this
27 summer to see where this fits in the broader economic strategy.

28
29 Pradeep Ganguly,
30 Absolutely.

31
32 Council President Knapp,

33 Our next item is number six, Planning, Housing and Economic Development
34 recommended 3-0 that the \$125,000 request for the Arena not be approved and that the
35 funding for the next stage of the Arena be resubmitted at a later date after a Committee
36 briefing. Again, not understanding how this fit into the broader strategy, the Committee
37 wanted to better understand that before we made specific decisions as it related to
38 funding. And so that's where we are. That concludes our elements in Economic
39 Development. I see, hold on, we still have one more issue that's not Economic
40 Development related. No questions, so that concludes that. Thank you very much.

41
42 Pradeep Ganguly,
43 Thank you.



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1 Council President Knapp,
2 And our final issue for the morning is a CIP adjustment for Solid Waste Services. And I
3 turn to the, I think it's. Mr. Berliner.

4
5 Councilmember Floreen,
6 In any event, it's just money to improve our air quality.

7
8 Council President Knapp,
9 [multiple speakers]. As the lead for Energy and Environment, you are responsible for
10 the CIP adjustment for Solid Waste Services.

11
12 Councilmember Berliner,
13 Thank you, Council President. I turn to staff to summarize the action we are about to
14 take and whether or not there is any issues that we need to discuss in any detail and if
15 there are not, then I would urge my colleagues to support the committee's
16 recommendation.

17
18 Council President Knapp,
19 He must be an attorney for a living.

20
21 Keith Levchenko,
22 Just to summarize, this was a CIP request that came subsequent to January, it involves
23 the Resource Recovery Facility, and there is two components that I've noted on the first
24 page of the packet. There's the insulation of the low nitrogen oxide system which is
25 estimated to reduce Nox emissions by approximately 50% and also in conjunction with
26 it, but distinct, is the replacement of the current ammonia anhydrous tank and system
27 with a new tank with a nonhazardous liquid aqueous solution.

28
29 Councilmember Berliner,
30 Say that three times.

31
32 Keith Levchenko,
33 The systems are related but you could in fact do one without the other so it is important
34 to see them distinct. The Committee discussed it the same day as it discussed the Solid
35 Waste and DEP budgets. I've noted in the packet the, comparing the Nox benefit from
36 this compared to some other strategies that are in the CIP plan for the state that we're
37 part of through COG and the Nox reductions are substantial. The other thing to note is
38 that as this technology does become available, it's likely that permit requirements would
39 start to get more strict as well. So although we are seeing an opportunity to do this now,
40 it's likely in the near future we would have had to do it anyway at some point to meet
41 stricter permit requirements.

42
43 Councilmember Berliner,
44 Thank you Keith.



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1
2 Keith Levchenko,
3 Solid Waste has negotiated a contract with the existing operator of the facility regarding
4 the Nox technology and they're certainly here to talk about any of those details of that
5 contract.

6
7 Councilmember Berliner,
8 I don't think we need details now. If I could.

9
10 Keith Levchenko,
11 As well as the benefits from the replacement of the current ammonia system.

12
13 Councilmember Berliner,
14 Thank you. I think all my colleagues need to appreciate with respect to this is, we're
15 doing the right thing, it's the source of some embarrassment that our Nox emissions
16 from this facility have been as bad as they are and the Department has moved in a
17 creative and aggressive way to reduce it and we're doing the right thing and we should
18 approve this and move forward.

19
20 Council President Knapp,
21 We're all big fans of doing the right thing. Are there any comments and questions?

22
23 Councilmember Trachtenberg,
24 No.

25
26 Council President Knapp,
27 All right.

28
29 Councilmember Trachtenberg,
30 Sounds good.

31
32 Council President Knapp,
33 Without objection, the right thing is a good thing to do today. Excellent. [multiple
34 speakers].

35
36 Councilmember Trachtenberg,
37 Stomachs are growling.

38
39 Councilmember Berliner,
40 It's a lot easier to do the right thing.

41
42 Council President Knapp,
43 Okay. The Council is now adjourned. We will have, we have two Committee meetings
44 tomorrow, joint T&E and MFP in the morning, I believe it's at 10:30, but I would



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- 1 encourage people interested in attending to check the schedule, either on our website
- 2 or on the Council fifth floor. And then there is an MFP Committee meeting at 2:00
- 3 tomorrow afternoon to address, yeah, little contracts and revenue estimates. Little
- 4 details. And I would urge all of my colleagues to remember that.
- 5